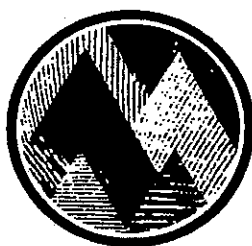


Metro
Regional Environmental
Management Department

Waste Reduction Grant Programs

August 1997

A Report by the Office of the Auditor



METRO

1997-10209-AUD

Alexis Dow, CPA
Metro Auditor



METRO
OFFICE OF THE AUDITOR

August 14, 1997

- Councilor Jon Kvistad, Presiding Officer
- Councilor Don Morissette, Chair, Regional Environmental Management Committee
- Councilor Patricia McCaig
- Councilor Ruth McFarland
- Councilor Susan McLain
- Councilor Lisa Naito
- Councilor Ed Washington
- Mike Burton, Executive Officer
- Bruce Warner, Director, Regional Environmental Management Department

Re: Audit of Metro's Waste Reduction Grant Programs

The accompanying report covers our review of the Department's administration of waste reduction grants. We undertook this study as part of our annual audit plan.

We reviewed a draft report with the Executive Officer, the director of the Regional Environmental Management Department and his staff. The last section of this report presents the written response of Executive Officer Burton.

We appreciate the cooperation and assistance provided by staff from the Regional Environmental Management Department.

Very truly yours,

Alexis Dow, CPA
Metro Auditor

AD:ems

Auditor: Leo Kenyon

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Response to the Report

Executive Officer Mike Burton

Executive Summary

For the past several years, Metro's Regional Environmental Management Department (REM) has granted more than \$1 million annually for waste reduction programs. These grants were given to counties and cities, private recycling companies, neighborhood groups, schools and non-profit thrifts.

As part of our annual audit plan, we reviewed these grant programs to:

- Determine the costs and accomplishments of several Metro grant programs
- Evaluate waste reduction efforts accomplished by local jurisdictions and paid for by Metro grants
- Evaluate REM's controls over funds granted to recipients.

Specifically, we reviewed three programs and found each program somewhat successful but still needing some improvements. They were:

- Recycling Business Development Grant Program
- Thrift Recycling Credit Program
- Annual Waste Reduction Program

Recycling Development Grants

We found that the Recycling Business Development Grant program appears to effectively increase recycling in the Metro area. Grants were awarded in FY 1995 and FY 1996 to five companies. REM budgeted \$75,000 for grants in FY 1997 but none were awarded because staff turnover in the spring and summer of 1996 left no one to administer the program. As a result, an apparently effective waste reduction opportunity was missed. REM should continue its plans to enhance its operational flexibility and ensure continuous grant program administration. It should also conduct a thorough evaluation of this program's effectiveness and develop clear procedures for administering it.

**Thrift Recycling
Credit Grants**

We found that the Thrift Recycling Credit Program has not been administered in accordance with the Metro Code since it was established in 1990 and had operated with little oversight until REM began changes in fiscal year 1997. Failure to define it as a line item in the REM budget made oversight more difficult and numerous staff changes disrupted administration. REM is addressing problems by making formal agreements with each thrift, as required by the Metro Code. It is also instituting procedures to define when thrifts are to provide needed oversight information. In our opinion, more needs to be done, including on-site management reviews of this program's operation and an update of the Metro Code formula for calculating credits to better reflect program goals.

**Annual Waste
Reduction Grants**

Metro has granted local jurisdictions several million dollars to defray the costs of implementing waste reduction measures. Although described as a grant program, it is unlike conventional grant programs in that it does not contain monitoring procedures capable of evaluating how well each jurisdiction spent its funds. Instead, payments are made to each jurisdiction based on their population — a form of revenue sharing. Without performance indicators it is not possible to determine each jurisdiction's contribution toward meeting recycling goals or how effectively the jurisdictions are leveraging the funds. This has been a concern of one councilor for several years.

We recommend the Council review this program and decide whether its funding should be through grants or a modified form of revenue sharing. To aid the Council's decision, we recommend that the Council direct REM to develop a white paper that describes each approach, and their benefits and problems. If the Council affirms the revenue sharing approach, REM may be able to reduce some of the extensive effort currently used to establish and monitor the annual waste reduction plans. If, however, the Council decides it to be a grant program, the Council may wish to direct REM to develop performance indicators for evaluating each local jurisdiction's contribution to Metro's goals for 2000 and 2005, as well as alternative courses of action if progress is inadequate.

Chapter 1. Introduction

Background

The 1991 Oregon Recycling Act established a goal of recovering 50 percent of waste generated in the state by 2000. Metro plans and oversees solid waste management, including recycling and waste reduction, in much of Multnomah, Clackamas and Washington counties. The tri-county area generated about 1.8 million tons of solid waste in calendar year 1995. Nearly half of that waste was recycled or otherwise recovered (the term "recovery" includes recycling and energy recovery such as burning to generate electricity). Metro's Regional Solid Waste Management Plan (January 1996) established the following recovery goals:

<u>Year</u>	<u>Recovery Goal (percent of waste)</u>
2000	52
2005	56

The Waste Reduction, Planning and Outreach Division in Metro's Regional Environmental Management Department (REM) develops and oversees programs for waste prevention, recycling and recovery. Metro devotes substantial resources to this program; the FY 1998 budget totals \$3.5 million and includes 19.6 FTE (full-time equivalents).

We evaluated three REM grant programs:

- Recycling Business Development Grants
- Thrift Recycling Credit Program
- Annual Waste Reduction Program (formerly the Metro Challenge Program)

REM budgeted more than \$1 million for these programs each year for FY 1996 through FY 1998. The three programs comprised about 84 percent of the total grant funds budgeted by REM for FY 1997.

Objectives and Methods

Our objectives for this audit were to:

- Identify and evaluate the costs and accomplishments of selected waste reduction grant programs and determine whether they can be modified to attain greater efficiency and effectiveness
- Evaluate local jurisdictions' annual work plans and waste reduction accomplishments in relation to waste reduction goals in the Regional Solid Waste Management Plan and state law
- Evaluate the effectiveness of grant programs in reducing wastes generated and reusing materials.

We accomplished our objectives by reviewing documents and interviewing relevant Metro staff. We reviewed pertinent sections of the Metro Code, the Regional Solid Waste Management Plan, relevant Metro ordinances and resolutions, Metro Council meeting minutes, prior audit reports, files related to the grant programs, budget documents and other information sources. We then interviewed Department staff involved with the programs, staff of the Office of General Counsel and a Metro Council staff analyst.

This audit was conducted in accordance with generally accepted government auditing standards as part of the Office of the Auditor's annual audit plan. Most of the field work was conducted in March through June 1997.

Chapter 2. Recycling Business Development Grants

Overview

The Recycling Business Development Grant program may effectively increase recycling in the Metro area. Grants were awarded in FY 1995 and FY 1996, and REM's budget contained \$75,000 for FY 1997 grants. However, no grants were awarded in FY 1997 because REM did not assign staff to administer the program. As a result, an apparently effective waste reduction opportunity was missed.

Background

Metro developed the Recycling Business Development Grant program to fill a need in recycling business development. Innovative businesses with promising products and potential markets often lack capital and cannot obtain financing until they demonstrate an adequate level of success. According to REM staff, Metro is the only source of grant funds in Oregon for such fledgling recycling ventures.

These grants were established to "encourage the development of innovative, state-of-the-art, entrepreneurial businesses that will process locally recovered waste materials into manufacturing feedstock, or use locally recycled feedstock to make marketable products." (Feedstock is the initial material — in this case recycled waste — used to manufacture something else.) Grants may be used for equipment, plant upgrades, input material testing, product performance testing or market research. Funds may not be used for salaries, working capital, process control engineering, permit application fees, facility acquisition, facility lease or mortgage payments. Recipients must pay at least 50 percent of the direct costs of projects. In-kind contributions have not been accepted for satisfying the applicant match requirement.

**Grant Program
has Potential for
Great Success**

The Recycling Business Development Grant program was well-received. Five businesses received grants during the first two years:

<u>Recipient</u>	<u>Fiscal Year</u>	<u>Grant Amount</u>
United Recycling	1995	\$27,500
EnvironMed	1995	27,500
NW EEE ZZZ Lay Drain	1996	24,000
Re-Use-It	1996	37,500
R B Rubber	1996	<u>13,500</u>
Total		<u>\$130,000</u>

REM staff report that the first two grants have been completed. Two other grants are nearing completion, and the last grant has received a six-month extension.

The above five companies have the potential to significantly reduce the Metro-area waste stream. REM staff reported that grant recipients could add at least 15,000 tons of annual processing capacity to the Metro-area recycling system and 30 new jobs in Oregon within two years of starting operations. Most of the new processing capacity was for materials such as drywall and plastics that had not been recycled due to lack of markets. The estimated additional processing capacity equals two percent of all Metro-area recycled materials and would increase the region's recycling rate by 0.8 percent.

Findings

**Evaluate and
Quantify Actual
Accomplishments**

The accomplishments of this grant program should be more thoroughly evaluated by REM because of its potential to significantly reduce the Metro-area waste stream. Preliminary reports are favorable but Department staff have not confirmed the effectiveness of this program. Current plans for follow-up are limited to reviewing final reports provided by recipients at their completion of grants. We believe that REM should revisit

the first two companies that have a year of operating experience to evaluate and quantify their actual accomplishments.

**Changes in Staff Left
No Administrator
for the Program
and Grants Were
Not Awarded**

Although initial results from the Recycling Business Development Grant program indicate that it appears to effectively increase recycling in the Metro area, no grants were awarded in FY 1997 because REM did not assign staff to administer the program. Program staff turnover has been considerable during the past year:

- The program administrator for the past two fiscal years took another position
- The program administrator's supervisor left Metro
- The supervisor's replacement also left Metro
- Two staff members in the division went from full-time to part-time positions
- A staff member transferred to another division in REM
- The REM director left Metro
- The Executive Officer chose to reorganize REM and instituted a hiring freeze.

Without a designated grant administrator, no one in REM was responsible for soliciting or awarding these grants. No funding was initially requested for this program in the FY 1998 budget. However, REM will carry forward \$75,000 in unused FY 1997 funds to its FY 1998 budget.

The new division manager's plans include greater flexibility in the organization to enable it to adjust to unexpected staff changes. Previously, different staff were responsible for specific grant programs; in FY 1996, six grant programs were administered by six different staff. They lacked adequate cross-training and authority to take on projects when staff changes occurred. There was no effective system in place to compensate for personnel changes and/or reductions.

Conclusion and Recommendations

We agree that adding more flexibility to the Waste Reduction, Planning and Outreach Division is appropriate. Further, the division should develop clear procedures, including timelines, for administering the Recycling

Business Development Grant Program. These procedures should be documented and maintained by a division supervisor so future staff changes do not disrupt the division's work.

REM should also thoroughly evaluate the program's effectiveness. Its potential to substantially reduce the region's waste stream should be confirmed. Staff could begin this evaluation by assessing the actual accomplishments of the first two companies to receive grants.

Chapter 3. Thrift Recycling Credit Program

Overview

The Thrift Recycling Credit Program operated with little oversight until fiscal year 1997 and had not been administered in accordance with the provisions of the Metro Code since it was established in 1990.

Contributing factors include its placement in the budget as a revenue offset rather than as a distinct program, making oversight more difficult, and numerous REM staff changes. REM is addressing most of these problems through formal agreements with each thrift and through procedures that define when thrifts are to provide needed oversight information. In our opinion, more needs to be done.

Background

The Thrift Recycling Credit Program was established to provide relief to eligible non-profit organizations from disposal costs for material dumped illegally at their facilities. Metro provides credits that are applied against the organizations' monthly disposal bills for the residuals from thrift recycling operations. The Metro Code includes a formula for calculating the credits based on each organizations' recycling level during a calendar year:

<u>Percent of Disposal Costs Credited</u>	<u>Percent of Goods Recycled</u>
0	0 to 49
60	50 to 54
70	55 to 59
80	60 to 64
90	65 to 69
100	70 to 100

Full Credits Limited by Budget

Although the Code established the formula for calculating credits, it has not been fully implemented since FY 1992. The three non-profits that have been eligible for credits since the program's inception received \$175,000 credits for nine months of FY 1991 and the formula was used to calculate \$352,921 in credits for FY 1992. The

approved budget for this program has not changed since FY 1992, while the disposal tonnage has increased. The shortfall between the amount allowed by the Code formula and the budget cap has been addressed by reducing the non-profits' credits by the same percentage.

Findings

Incomplete Records Make Program Evaluation Difficult

We concluded that oversight of this program has been in need of improvement for years. Evaluating this program was difficult because documentation in program files was very fragmented and incomplete. However, we were able to identify several deficiencies in the program itself. REM is addressing most of them, but others need additional attention:

Vague Budget Placement

- Prior to FY 1997, the program was not a line item in REM's budget but was only mentioned in the narrative material included in the budget notebooks (the first draft of the Metro budget). The budget amount (\$352,921) was simply a revenue offset rather than an expenditure. In FY 1997, the program was listed as an expenditure in the Environmental Services Division budget with the uninformative title of "Grants to Other Governments." Since it is a waste reduction program, we suggested that it be included in the Waste Reduction, Planning and Outreach Division's budget as a "Grant to Thrift Organizations." This would allow better oversight by the Metro Council. REM staff and Metro's Chief Financial Officer agreed that the program could be better identified, but suggested that it be included in REM's budget as a "negative revenue" in the Solid Waste Revenue Fund's resources. They said that such classification would keep the amount out of the solid waste disposal rate base.

Administrative Oversight Lacking

- The Thrift Recycling Credit Program has suffered from lack of administrative oversight. During its seven years of existence, it has been administered by six staff. The program was often assigned to new staff to administer. This lack of continuity and experience was problematic for non-profit officials, as shown in the minutes of a meeting between them and Metro staff in October 1994. At this meeting, a thrift official

complained that they did not have a consistent person to work with and nobody knew from year to year what was required. He continued that whenever thrift and Metro staff came up with something, the Metro staff would switch again and the participants would be back into defining what they are doing.

*Annual Agreements
Only Recently
Implemented*

- Metro Code provisions requiring annual agreements between Metro and the non-profits have only recently been implemented. The current program administrator has been working with Office of General Counsel staff to develop the agreements. The Senior Assistant Counsel working on this task confirmed that the program has not been operating in accordance with the Metro Code. He further stated that the program had not been submitted to the Executive Officer for approval for several years. REM and the General Counsel drafted new contracts to meet the Code requirement. The contracts will be presented to the thrifts for their signatures.

*No Monitoring of Thrift
Recycling Performance*

- A comprehensive audit of thrifts' compliance with program requirements is needed. A former program administrator made site visits in October 1993 and ". . . came away with some serious questions regarding administration of the program funds and accountability on the part of the recipients." He stated that the program had been functioning since 1990 with virtually no oversight of accounting procedures or observation of recycling methods practiced by the organizations.

This former program administrator recommended a comprehensive audit of the program, including involvement by Metro's accounting section. Specifically, he recommended:

- ◇ An examination of record keeping and reporting
- ◇ A detailed examination of materials disposed in the receiving and sorting process
- ◇ A detailed examination of materials found in drop boxes prior to dumping
- ◇ A random observation of materials dumped at the transfer station

◇ Scrutiny of office recycling practices.

We found no evidence indicating these recommendations were followed.

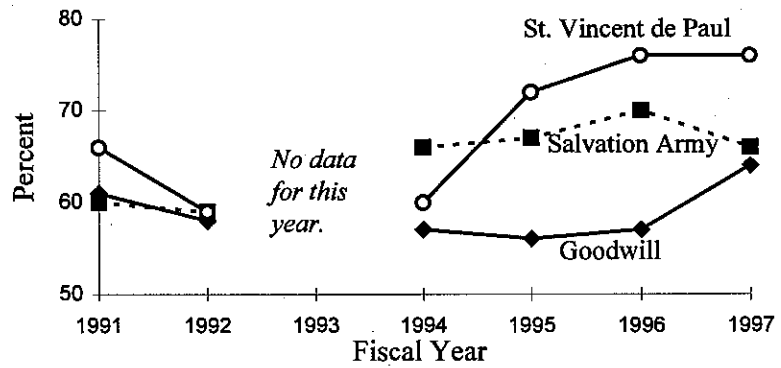
*Code Formula
Out of Date*

- The Metro Code formula for calculating recycling credits has not been updated to reflect the increased emphasis on recycling in recent years. When credits were first granted in FY 1991, the three thrifts were comparable in their disposal tonnage and recycling levels. However, the two smaller thrifts have substantially increased their recycling levels in recent years, while the largest thrift — Goodwill — has not changed its recycling level but has greatly increased its disposal tonnage (Figure 1). Goodwill, the thrift with the lowest recycling rate, receives the greatest financial reward (bottom graph in figure). The Salvation Army and St. Vincent de Paul increased their recycling rates since the early 1990s but are not rewarded for it.

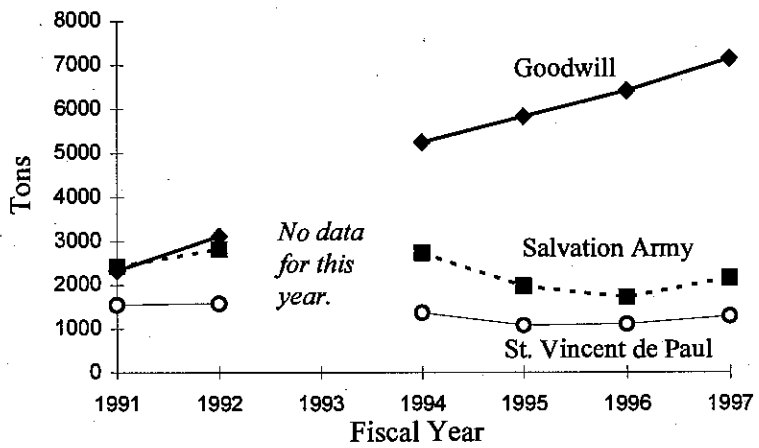
**Some Improvements
Now in Process**

During this audit, REM started making several improvements to the program. As mentioned above, signed agreements with thrifts are in preparation. Beginning in FY 1998, thrifts must apply for recycling credits. The program's administration has been assigned to the contract administrator in the Environmental Services Division. REM put additional performance requirements and evaluation criteria on thrifts.

Recycling Rates



Disposal Tonnage



Value of Recycling Credits

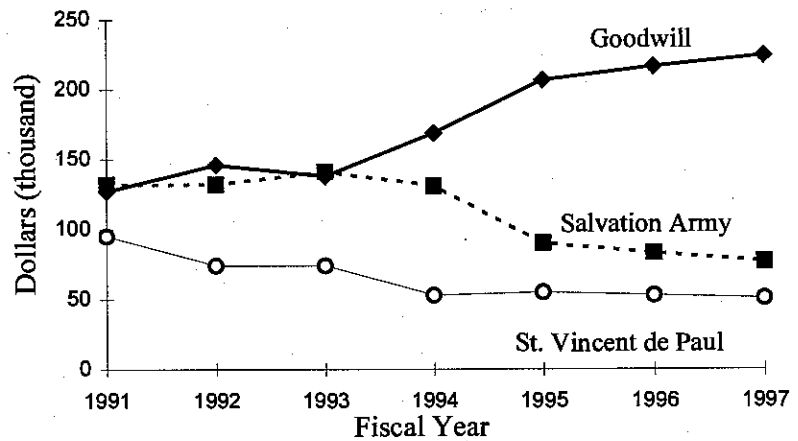


Figure 1. These graphs show that those thrifts that recycle the most and dispose of the least waste get the fewest credits from this waste reduction program.

Conclusion and Recommendations

**More Improvements
Are Needed**

We are pleased with the steps REM has taken to improve the program. Although these are positive actions, more needs to be done. REM should also address the following issues:

1. Request a Metro Code revision to require thrifts to report their annual disposal tonnage by May 15th, to coincide with the reporting year and to provide sufficient time for calculating credit allocations.
2. Decide with the Chief Financial Officer the proper budget title and classification of the program so that full budgetary disclosure is achieved.
3. Perform a detailed audit including:
 - ◇ An examination of record keeping and reporting
 - ◇ A detailed examination of materials disposed in the receiving and sorting process
 - ◇ A detailed examination of materials found in drop boxes prior to dumping
 - ◇ A random observation of materials dumped at the transfer station
 - ◇ Scrutiny of office recycling practices.
4. Evaluate the Metro Code formula for credit allocations and revise it if necessary to provide greater incentives for thrifts to increase their recycling rates.

Chapter 4. The Annual Waste Reduction Program

Overview

Metro has provided several million dollars to local jurisdictions on a per capita basis to defray their costs of developing and implementing waste reduction tasks included in their annual work plans. The jurisdictions' annual plans are the main tools for implementing the Regional Solid Waste Management Plan. REM establishes the regional framework with which all local plans must be consistent and monitors each jurisdiction's annual work plan to determine whether appropriate tasks are included and whether they were done. If the jurisdictions report and document that they completed their tasks, they receive their share of the funds.

The program is regarded as a grant program and is included as such in REM's budget. Local governments' performance is measured by the level of effort they apply toward waste reduction efforts, rather than quantitative benchmarks capable of evaluating how well each jurisdiction spent its grant funds. Without these benchmarks, it is not possible to quantify the contribution of each jurisdiction toward meeting recycling goals or to determine how effectively they are leveraging the funds.

We recommend the Council review this program and decide whether its funding should be through grants or a modified form of revenue sharing. To aid the Council's decision, we recommend that the Council direct REM to develop a white paper that describes each approach, and their benefits and problems. If the Council affirms the revenue sharing approach, REM may be able to reduce some of the extensive effort currently used to establish and monitor the annual waste reduction plans. If, however, the Council decides it to be a grant program, the Council may wish to direct REM to develop performance indicators for evaluating each local jurisdiction's contribution to Metro's goals for 2000 and 2005, as well as alternative courses of action if progress is inadequate.

Background

The Annual Waste Reduction Program, formerly called the Metro Challenge Program, was established in FY 1991. The program was created in response to an order from the Environmental Quality Commission to comply with state law. The program's purpose was for Metro to "... challenge itself and the local jurisdictions to achieve ... a goal of a 50 percent recycling rate" by 2000. REM staff told us that when the program was first authorized, the funds were treated as revenue sharing to the local governments and awarded on a per capita basis. Funds were to be used to defray costs of developing and administering annual work plans for achieving the region's recycling goal.

Annual work plans include tasks to be completed under the grant program and are developed collaboratively with Metro staff, Department of Environmental Quality representatives and seven recycling coordinators representing local jurisdictions. Annual plan formats are flexible to allow jurisdictions to tailor their programs to local circumstances while meeting Regional Solid Waste Management Plan goals and objectives.

The Annual Waste Reduction Program is REM's largest grant program. Unlike most grants which contain indicators against which the performance of individual participants can be measured, these grants are awarded to local jurisdictions on a per capita basis. REM staff told us that the per capita funding formula was based on Metro's philosophy of funding recycling programs from disposal revenues. They said that a per capita allocation is equitable because it returns waste reduction funds to jurisdictions in approximately the same proportion as their contributions. From FY 1991 through FY 1997, Metro has granted more than \$3.8 million to local governments. The FY 1997 grants totaled \$600,000 or about fifty cents per person for the district's 1.3 million residents. The City of Portland, Washington County and Clackamas County receive most of the funds:

<u>Jurisdiction</u>	<u>Metro Grant</u>	<u>Local Matching Funds</u>
	(\$000)	
Portland	\$245	\$2,280
Washington County	176	321
Clackamas County	107	400
Gresham	36	196
Lake Oswego	15	38
Milwaukie	9	85
Troutdale	5	30

The two counties administer waste reduction activities for many smaller jurisdictions as well as unincorporated areas. Portland administers the program for the unincorporated parts of Multnomah County.

Findings

**Performance of
Individual Jurisdictions
Difficult to
Objectively Evaluate**

Each year, local jurisdictions request grant funds. Their applications consist of proposed waste reduction work plans for the coming year and reports showing their satisfactory completion of the previous year's plans. REM reviews this information and compiles it for an annual report to the Department of Environmental Quality, showing: (1) that the jurisdictions had provided the opportunity to recycle as called for in state law, and (2) the Metro area's progress in meeting waste reduction goals.

REM staff told us that they do not evaluate the effectiveness of each jurisdiction in achieving regional waste reduction goals. They told us that such evaluations were opposed by the local jurisdictions as well as most members of the Solid Waste Advisory Committee, believing they would be prohibitively expensive to conduct. Local jurisdictions also opposed evaluations that could serve as "report cards" that go beyond the annual review requirements of the Regional Solid Waste Management Plan. All parties decided that REM would evaluate waste reduction efforts on a Metro-wide, program level rather than evaluate each local jurisdiction's performance across all waste reduction

activities. The Council concurred when it adopted the Regional Solid Waste Management Plan.

REM staff told us that local jurisdictions' FY 1998 work plans will include more quantitative goals, especially for commercial waste prevention and recycling. We believe that this an improvement. However, conventional grant programs usually contain sufficient monitoring procedures for policy-makers to evaluate how well each recipient spent grant funds. This program still does not include the performance indicators and timelines needed to evaluate the contributions each jurisdiction is making toward attaining the region's waste reduction goals for 2000 and 2005.

**Program
Accountability
Questioned**

One of Metro's councilors expressed concerns about this grant program for several years. During discussions of the FY 1998 Annual Waste Reduction Plan, that councilor asked how many of the grant funds were actually used toward plan implementation. She stated that she wanted to ensure the funds budgeted for the program were well-used and that Metro was not funding something that local jurisdictions should be taking on in their own budget processes. Finally, she stated that Metro should have a better handle on grant funds if it continues this program. We concur with these observations.

REM staff replied that they had been working toward better accounting of funds. They had analyzed the ratio of local government funds to Metro funds spent on local waste reduction activities in FY 1996. We requested ratios for FY 1997 also.

<u>Jurisdiction</u>	Number of Local Dollars per Metro Dollar	
	<u>FY 1996</u>	<u>FY 1997</u>
Portland	\$ 6.8	\$ 9.3
Milwaukie	8.4	5.6
Troutdale	6.2	5.6
Gresham	8.0	5.5
Clackamas County	5.8	3.7
Lake Oswego	3.2	2.4
Washington County	2.8	1.8

All of the local jurisdictions leverage the Metro grants with some of their own funds. Most of them provide more than five dollars for every Metro dollar. However, two of them contribute substantially less: Washington County and Lake Oswego. Further, they are the only two local jurisdictions that planned to reduce waste reduction staff during FY 1997.

Conclusion and Recommendations

The resolution authorizing the program appears to have intended it to be a modified form of revenue sharing. Revenue is allocated to local governments according to population size; these funds are intended to defray the cost of administering local waste reduction programs. This is consistent with Metro's philosophy of funding recycling programs from disposal revenues. Unlike conventional grant programs, however, this one does not include performance indicators capable of objectively evaluating how effectively each local jurisdiction spends its funds.

Without quantitative evaluation criteria or success indicators, it is not possible to objectively respond to the councilor's concerns. Clearly, some jurisdictions are putting proportionately more resources into waste reduction programs than others. We believe the Council needs to know how well local jurisdictions are leveraging Metro funds with resources of their own.

We recommend the Council review this program and decide whether its funding should be through grants or a modified form of revenue sharing. To aid the Council's decision, we recommend that the Council direct REM to develop a white paper that describes each approach, and their benefits and problems. If the Council affirms the revenue sharing approach, REM may be able to reduce some of the extensive effort currently used to establish and monitor the annual waste reduction plans. If, however, the Council decides it to be a grant program, the Council may wish to direct REM to develop performance indicators for evaluating each local jurisdiction's contribution to Metro's goals for 2000 and 2005, as well as alternative courses of action if progress is inadequate.

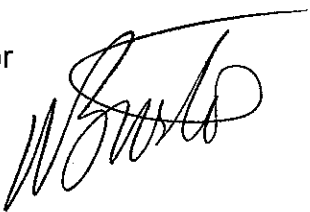
Response to the Report



METRO

DATE: August 14, 1997

TO: Alexis Dow, CPA, Metro Auditor

FROM: Mike Burton, Executive Officer 

RE: Response to Audit Report on Waste Reduction Grants

Thank you for the opportunity to review and comment on your examination of the waste reduction grant programs administered by Regional Environmental Management. I generally agree with your findings, conclusions and recommendations. In this memorandum, your recommendations are shown in bold text followed by my response in normal text.

Recycling Business Development Grants

Recommendation: [T]he division should develop clear procedures, including timelines for administering the Recycling Business Development Grant Program. These procedures should be documented and maintained by a division supervisor so future staff changes do not disrupt the division's work.

I will direct REM to make this program the responsibility of a single supervisor. This supervisor will be charged with examining existing procedures, developing new criteria as necessary, and maintaining program consistency over time.

Recommendation: REM should thoroughly evaluate the [Recycling Business Development Grant] program's effectiveness. Its potential to substantially reduce the region's waste stream should be confirmed. Staff could begin this evaluation by assessing the accomplishments of the first two companies to receive grants.

I will direct REM to assess the accomplishments of the first two companies to receive Recycling Business Development Grants, and to complete this assessment during this fiscal year. During the next budget cycle, we will assess this program, its future, and its relationship to our other waste reduction efforts.

Thriffs

Recommendation 1: Request a Metro Code revision to require thrifts to report their annual disposal tonnage by May 15th, to coincide with the reporting year and to provide sufficient time for calculating credit allocations.

I will direct REM to implement this change in conjunction with the work described under Recommendation 4, below.

Recommendation 2: Decide with the Chief Financial Officer the proper budget title and classification of the program so that full budgetary disclosure is achieved.

These recommendations will be incorporated in the FY 1998-99 budget.

Recommendation 3: Perform a detailed audit . . .

I concur with this recommendation to improve our oversight of how our resources are spent, and will instruct REM to factor this into their work plan during the next budget planning cycle.

Recommendation 4: Evaluate the Metro Code for credit allocations and revise it if necessary to provide greater incentives for thrifts to increase their recycling rates.

I concur with this recommendation, and will instruct REM to factor this into their work plan during the next budget planning cycle.

Annual Plans

Recommendation: [That] the Council review this program and decide whether its funding should be through grants or a modified form of revenue sharing. To aid the Council's decision, we recommend that the Council direct REM to develop a white paper that describes each approach, and the benefits and problems with each.

I agree that this is an excellent policy decision for the Council to affirm or modify. I would support a Council directive consistent with this recommendation, and will instruct REM to respond in the time and manner directed by Council.

MB\DA:clk

cc: Bruce Warner, REM Director
Douglas Anderson, Waste Reduction, Planning & Outreach Manager, REM
Jennifer Sims, Chief Financial Officer, ASD



Metro Auditor Report Evaluation Form

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Name of Audit Report: _____

Please rate the following elements of this report by checking the appropriate box.

	Too Little	Just Right	Too Much
Background Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Details	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Length of Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity of Writing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Suggestions for our report format: _____

Suggestions for future studies: _____

Other comments, ideas, thoughts: _____

Name (optional): _____

Thanks for taking the time to help us.

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Email: dowa@metro.dst.or.us