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**OFFICE OF THE
NEW YORK STATE COMPTROLLER**

**DIVISION OF STATE
GOVERNMENT ACCOUNTABILITY**

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**ROOSEVELT ISLAND
OPERATING
CORPORATION**

RECYCLING PROGRAM

Report 2008-S-140

AUDIT OBJECTIVE

The objective of this audit was to determine whether the Roosevelt Island Operating Corporation (Corporation) operates a recycling program that is in compliance with applicable State and local government laws and Executive Orders.

AUDIT RESULTS - SUMMARY

The Corporation is responsible for establishing a recycling program (Program) for its facilities as outlined in the Solid Waste Management Act of 1988 (Act), Executive Orders (EO) 4 and 142, and Title 16 of the New York City Administrative Code. In general, these mandates require State agencies and public authorities (authorities) to source-separate recyclable materials and dispose of them accordingly, appoint a Program coordinator, and report on their Program compliance, achievements and initiatives.

We found that the Corporation has a Program that is in compliance with the applicable mandates. Corporation employees source-separate their recyclables, including glass, metal, plastic, and paper goods, and periodically deliver them to the New York City Department of Sanitation facility (sanitation facility) on Roosevelt Island. The Corporation also source-separates computers, monitors, and cell phones and has appointed a Program coordinator to oversee Program compliance. In addition, Roosevelt Island residents are required to separate their personal recyclables which are also taken to the sanitation facility.

However, the Corporation may not be prepared for upcoming Program reporting requirements. Under EO 4, authorities, including the Corporation, are required to prepare and submit annual reports on their recycling efforts. These reports should

contain a comprehensive collection of data reflecting source reduction, recycling, and procurement initiatives, including information on the Corporation's current recycling efforts and the total amount of waste recycled. We found the Corporation had not established a system of procedures to collect the data necessary to prepare these reports. If not developed, State decision makers will not have accurate and current information to effectively monitor the Corporation's Program compliance, achievements and goals.

Our audit report contains three recommendations addressing Corporation compliance with Program recycling and reporting requirements.

Corporation officials agree with our recommendations and assert that they have begun to implement them.

This report, dated April 10, 2009, is available on our website at: <http://www.osc.state.ny.us>. Add or update your mailing list address by contacting us at: (518) 474-3271 or Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

BACKGROUND

New York State has a long history of encouraging the reduction and recycling of solid waste materials. Two decades ago, the State enacted the Solid Waste Management Act of 1988 (L 1988, ch 70) (Act), which laid out the priorities of the State's solid waste management policy:

- Reducing the amount of waste generated;
- Maximizing the amount of waste that is reused or recycled;

- Recovering as much energy as possible from what cannot be reused or recycled; and
- Disposing of the remaining solid waste appropriately.

The Act required most State agencies (agencies) and public authorities (authorities) to source separate their solid waste (ie. to separate waste at the point it is discarded, such as putting recyclable items such as paper, metal, glass, plastic, etc. into one container, and other non-recyclable items such as food, soiled items, etc., into another container). In addition, municipalities throughout the State were required to pass their own local ordinances or legislation requiring separation of solid waste, whether it is left out for collection or delivered to a solid waste management facility.

In January 1991, the Governor issued Executive Order 142 (NYCRR 4.142) (EO 142) on *Establishing New Waste Reduction and Recycling Initiatives for State Agencies*, reaffirming the State's commitment to reduce and recycle waste. Under EO 142, State agencies were required (and public authorities were encouraged) to source-separate paper and other products from their waste stream. Source separation programs were to be enhanced through a combination of employee education and the installation of equipment. EO142 also required State agencies to submit an annual report to the Office of General Services (OGS) in August of each year detailing their waste reduction and recycling activities and any recommendations for additional measures needed to be taken. EO 142 also directed OGS and the Department of Environmental Conservation (DEC), Transportation (DOT), and Economic Development (DED) to provide State agencies with technical assistance in

developing and implementing their source separation programs.

In April 2008, the Governor issued Executive Order 4 (9 NYCRR 7.4) (EO 4) on *Establishing a State Green Procurement and Agency Sustainability Program*. EO 4 created the Interagency Committee on Sustainability and Green Procurement (Committee) comprised of the heads of 12 agencies and authorities. EO 4 requires each agency and authority to designate a Sustainability and Green Procurement Coordinator (Coordinator) and develop a comprehensive Sustainability and Environmental Stewardship Program (Program). EO 4 builds upon the requirements of EO 142 (which it superseded) in that each agency's and authority's Program must provide for source separation of its waste to maximize the amount of paper, metal, glass, and plastic that is recycled. Technical assistance continues to be available from OGS and DEC, as well as the NYS Environmental Facilities Corporation (EFC), and the NYS Energy Research and Development Authority (NYSERDA). Beginning August 1, 2009, agencies and authorities are required to submit an annual report to the Committee that will, in turn, provide a summary report to the Governor.

New York City agencies and institutions (universities, museums, cultural centers, religious establishments, nursing homes, and day care centers) are also required to recycle their waste products pursuant to Title 16 of the NYC Administrative Code. Each agency and institution must provide adequate facility management and resources to ensure compliance with the City's recycling regulations. Where waste is collected by the New York City Department of Sanitation (Sanitation), or waste is taken by the agency or a contractor to a Sanitation-contracted facility for disposal, the agency must recycle those materials directed by Sanitation.

New York City commercial regulations currently require recycling of designated paper and cardboard materials, metal bulk items, designated construction waste, and textiles (where 10 percent or more of waste is textiles). Food or beverage services in these buildings must recycle designated glass, metal, and plastic containers, aluminum foil and products, cardboard, and designated construction waste. Residential facilities subject to the commercial regulations must recycle designated glass, metal and plastic containers, aluminum foil and products, designated paper and cardboard materials, metal bulk items, and designated construction waste. The commercial regulations permit private carters to separate items after collection (post collection recycling). However, even when items are subject to post-collection recycling, facilities in these buildings must maintain separate bins for paper collection and food or beverage establishment bottles, cans and foil.

The Roosevelt Island Operating Corporation (Corporation) was created by the New York Legislature in 1984 as a public benefit corporation charged with maintaining, operating, and developing Roosevelt Island (Island). This 147 acre Island is located in the East River between the NYC boroughs of Manhattan and Queens, and is home to more than 12,000 residents. The Corporation provides security services and snow removal for the Island, repairs its streets and sidewalks, and maintains the Island's common grounds. The Corporation also operates a fleet of buses that provide local transportation throughout the Island. The Corporation has a staff of approximately 100 employees. The Corporation receives revenues from such sources as commercial space leases, parking fees, bus and aerial tramway fares, and fees from housing companies that operate both rental and cooperative apartments on the Island.

Corporation employees occupy four buildings on the Island. Waste materials are source-separated and prepared for recycling at each of these buildings. Corporation employees deliver the recyclables to a NYC Sanitation (Sanitation) facility based on the Island. The recyclables are then transported by Sanitation trucks off the Island for actual recycling. Although the Corporation has not been required to report on its recycling activities prior to EO 4, an Island-based Sanitation representative approximates five tons of metals, plastics and glass, and seven tons of paper, are collected every week from the Island apartment buildings and Corporation facilities.

AUDIT FINDINGS AND RECOMMENDATIONS

Recycling Program

We found that Corporation officials recycle their waste materials in compliance with the governing Act, EOs and NYC legislation. For example, each of the Corporation-occupied buildings has color-coded and labeled recycling containers in public display. Corporation employees source-separate their recyclables and Department grounds employees deliver the containers to the Island-based NYC Sanitation (Sanitation) facility where they are placed in the appropriate dumpsters for recycling. The recyclables are transported off of the Island by Sanitation trucks for actual recycling. In addition, the Corporation has appointed a Coordinator to oversee its Program compliance efforts.

We also found that the Corporation's Information Technology Department source-separates computers, monitors, and cell phones from other waste and stores them separately until the quantity justifies a special pick-up by Sanitation. In addition, Island

residents source-separate their personal recyclables which are delivered by their building staff to the Island's Sanitation facility where they are handled similarly to the Corporation's recyclables.

An Island-based Sanitation official estimated that approximately five tons of metals, plastics, and glass, and seven tons of paper, are collected each week from the Corporation and Island residents.

Pursuant to EO 4, the Corporation has a responsibility to educate its staff on the Corporation's recycling efforts and expectations. To comply, the Corporation's Coordinator has sent out emails to Corporation employees emphasizing the importance of recycling and referencing them to Corporation guidelines. While this notice is one way to educate staff, the Corporation should address whether a more formal approach to training is needed.

Recommendation

1. Continue to comply with Program requirements. Enhance Program initiatives as appropriate.

(In response to our draft report, Corporation officials stated that they are committed to continuously improving and enhancing their Program activities.)

Reporting

EO 142 required State agencies to submit Program-related annual reports to OGS, with copies to DEC and DED. These reports were to contain a comprehensive collection of data, reflecting the source reduction, recycling and procurement initiatives taken. Authorities were not required to submit these reports. However, EO 4, which supersedes EO 142, does require authorities, such as the

Corporation, to begin annual reporting by August 1, 2009. The reports are to be used by the appropriate decision makers to monitor Program compliance and achievements and measure success.

At the time of our field work, the Corporation did not have a system or procedures in place to collect the data necessary to prepare the required report. We recommend that Corporation officials develop and implement the necessary system and procedures to promote accurate and up-to-date reporting by the August 1, 2009 due date.

Recommendations

2. Develop the system and procedures necessary to accurately capture the Corporation's source reduction, recycling and procurement initiatives.
3. Prepare the required annual reports by the designated due dates.

(In response to our draft report, Corporation officials stated that they have begun to develop a system to accurately capture relevant Program data, and they plan to fully comply with EO 4 reporting requirements.)

AUDIT SCOPE AND METHODOLOGY

We audited Corporation compliance with applicable recycling-related Laws and Executive Orders for the period April 1, 2006 through September 16, 2008. To accomplish our objective, we reviewed the Act, EO 142, EO 4 and Title 16 of the NYC Administrative Code to obtain an understanding of the governing criteria and requirements for agencies and authorities. We met with Corporation and Sanitation officials to confirm and enhance our understanding of the Corporation's Programs, and observed the Corporation's recycling procedures from the

point of source-separation, to Sanitation's Island-based recycling transfer station. We also reviewed the emails sent to Corporation staff from the Program Coordinator.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of who have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing

standards. In our opinion, these management functions do not affect our ability to conduct independent audits of program performance.

AUTHORITY

The audit was performed pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution.

REPORTING REQUIREMENTS

A draft copy of this report was provided to Corporation officials for their review and comment. Their comments were considered in preparing this final report.

Within 90 days of the final release of this report, the President of the Corporation shall report to the Governor, the State Comptroller, and leaders of the Legislature and fiscal committees, explaining the actions taken by the Corporation to implement the recommendations contained therein, and where not implemented, the reasons therefor.

CONTRIBUTORS TO THE REPORT

Major contributors to this report were Frank Patone, Michael Solomon, Christine Chu, Peter Blanchett, Kamal Elsayed, Ryan Wendolowski, and Marticia Madory.

APPENDIX A - AUDITEE RESPONSE



Roosevelt Island
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of the State of New York
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Board of Directors
Deborah VanAmerongen
Chairperson
Laura L. Anglin
Fay Fryer Christian
Katherine Teets Grimm
Jonathan Kalkin
David Kraut
Charlee Miller
Michael Shinozaki
H. Patrick Stewart

March 23, 2009

VIA EXPRESS MAIL

Mr. Frank Patone
Audit Director
Office of the State Comptroller
Division of State Government Accountability
123 William Street - 21st Floor
New York, N.Y. 10038

Re: Response to Draft Audit Report (2008-S-140)

Dear Mr. Patone,

Thank you for the above-referenced draft audit report determining Roosevelt Island Operating Corporation ("RIOC") to be in compliance with applicable State laws and Executive orders.

Enclosed please find RIOC's response to the draft audit report on the recycling program.

Please contact me should you have any questions regarding our response or require additional information or documentation. I can be reached at (212) 832-4540, ext. 314.

Very truly yours,

Sylvia Giralde
Compliance/Internal Control Officer

Enclosure

cc: Stephen Shane, Kenneth Leitner, Steve Chironis, Rosina Abramson,
Fernando Martinez, David Kraut (via email)



Roosevelt Island Operating Corporation
Recycling Program
Audit Report 2008-S-140
Management Response

Recommendations:

- 1. Continue to comply with Program requirements. Enhance Program initiatives as appropriate.**

Management Response:

The draft audit report notes that Roosevelt Island Operating Corporation ("RIO") has established a source-separation program which recycles glass, metal, plastic, paper goods, computers, monitors, and cell phones, although we were not required to do so. The report also notes the Corporation has appointed a Sustainability and Green Procurement Coordinator ("Coordinator"), mandated by Executive Order 4, to oversee compliance of its Program. The report further notes initiatives taken to communicate its recycling program and guidelines, and the importance of it, to its employees. The Coordinator will include, in this system, formal training on waste reduction, recycling, and procurement. RIO is committed to continually improve and implement recycling initiatives that enhances the current Program already in place.

- 2. Develop the system and procedures necessary to accurately capture the Corporation's source reduction, recycling, and procurement initiatives.**

Management Response:

RIO agrees a system should be put in place that accurately captures the data on the collection of the Corporation's source reduction, recycling, and procurement initiatives. The Coordinator has already implemented steps in developing a system which will capture accurate data to be reported annually.

- 3. Prepare the required annual reports by the designated due dates.**

Management Response:

RIO is currently awaiting the reporting guidelines and applicable documentation from the Interagency Committee on Sustainability and Green Procurement, which have a new due date of August 1, 2009 (changed from the March 1, 2009 due date noted in the draft audit report). RIO will comply with any and all reporting requirements mandated by Executive Order 4.