



Joseph M. Centorino, Inspector General

TO: Honorable Mayor and Members of the City Commission
FROM: Joseph M. Centorino, Inspector General

DATE: May 2, 2023
PROJECT: Sanitation Field Observations Report
OIG No. 23-08
PERIOD: June 6, 2022 through June 29, 2022

This report prepared by the City of Miami Beach Office of the Inspector General (OIG) Sanitation Tax Auditor conveys the results of unannounced field observations conducted of various Miami Beach properties from June 6, 2022, through June 29, 2022. The primary objectives of these field observations were to determine whether the associated contractors had previously (1) obtained valid Business Tax Receipts or BTRs from the Finance Department Licensing Section; (2) acquired Building and/or Roll-off permits from the Building Department and Sanitation Division respectively; and (3) filed timely Roll-off Permit Fee Returns with the Finance Department and submitted any associated monies due. Noted deficiencies were promptly reported by the OIG Sanitation Tax Auditor to the Code Compliance Department, so its staff could investigate and issue any warranted violations to increase compliance with the requirements of City Code Section 90. The results of these field observations and any corrective actions subsequently taken by City staff are reported in the following paragraphs.

ROLL-OFF CONTRACTORS SELECTED REQUIREMENTS PURSUANT TO CITY CODE SECTION 90

City Code Section 90-2 defines a roll-off as, "a container with a minimum capacity of ten cubic yards, designed to be transported by a motorized vehicle." Roll-off containers are typically used to remove construction debris, including rock, metal, and other materials used in a construction project, or to remove large quantities of trash and bulky waste. Rubbish/trash is defined as "refuse accumulations of paper, excelsior, rags, wooden or paper boxes or containers, sweepings, and all other accumulations of a nature other than garbage, which are usual to housekeeping and to the operation of stores, offices, and other places of business; and any bottles, cans, or other containers, which, due to their ability to retain water, may serve as breeding places for mosquitoes or other water-breeding insects. Rubbish/trash shall not include industrial waste." Lastly, bulky waste means "large items of household refuse, including, without limitation, appliances, furniture, accumulations from major tree cutbacks (exceeding ten inches in diameter and four feet in length), large crates, and like articles."

City Code Section 90-192 provides that franchise waste and roll-off contractors are required to obtain annual BTRs or may be subject to enforcement procedures and penalties. The Finance Department Licensing Section issues BTRs upon satisfaction of the stated requirements. Meanwhile, the Code Compliance Department is responsible for investigating possible City Code violators and issuing Notices of Violation (NOVs).

In addition, City Code Section 90-193 provides a permit to be obtained from the City for each roll-off and portable container placed in Miami Beach. Upon satisfying the designated Code requirements, the Sanitation Division issues permits to complying contractors.

Authorized roll-off contractors must also remit monthly roll-off permit fees, calculated by multiplying the City Commission approved roll-off percentage rate by its total applicable Miami Beach gross receipts. Gross receipts are the total fees collected by the contractor (whether wholly or partially collected) for solid waste collection and disposal within the City, including gross receipts from servicing roll-off and portable containers, exclusive of taxes. Any fees not timely paid are subject to penalties of 10% per month up to a maximum of 50% plus interest of 1% per month from the date the fee first became delinquent.

Monthly reports are to be concurrently submitted to the City Finance Department by the end of the subsequent month for gross receipts generated within Miami Beach during the previous month. For example, the report for August 2022 was due by September 30, 2022; the September 2022 report was due by October 31, 2022.

2021/22 FISCAL YEAR BUSINESS TAX RECEIPTS ISSUED TO ROLL-OFF CONTRACTORS

The EnerGov system, the City licensing and permitting system, reported that 22 roll-off contractors obtained BTRs during the 2021/22 fiscal year, compared to 17 contractors for the 2020/21 fiscal year. This 29.4% $((22 - 17)/17)$ increase in issued BTRs is a result of diligence and increased enforcement by Code Compliance, Finance, Sanitation, and OIG staff.

The number of roll-off contractors also may change either upward, as new contractors abide by the City's guidelines and obtain their BTRs, or downward as contractors merge or stop conducting business in Miami Beach. For example, a BTR issued by the Licensing Section authorizing Eastern Waste to perform roll-off operations in Miami Beach for the 2020/21 fiscal year was closed at the contractor's request on July 29, 2021, as the business was sold to Coastal Waste.

FIELD OBSERVATIONS AND RESULTS

A suspected correlation between Building permits issued for any of eight category types and the corresponding need for roll-off services at corresponding Miami Beach property addresses was initially identified in an August 13, 2020, phone conversation between the OIG Sanitation Tax Auditor and the Deputy Building Department Director. The eight Building permit category types included the following: (1) building commercial, (2) building condominium, (3) building residential, (4) building special events, (5) pool commercial, (6) pool residential, (7) roofing commercial and (8) roofing residential. This information was included in the OIG issued Roll-Off Process Review report dated September 2, 2021 (OIG No. 21-17), to help improve the process and related enforcement.

Although roll-offs may not always be used for each of these Building permit category types, the OIG Sanitation Tax Auditor did frequently find a correlation between the building permits issued and the use of roll-off containers at permit sites in its Sanitation Field Observations report, OIG No. 21-43, issued on January 10, 2022.

For this audit, the OIG Sanitation Tax Auditor reviewed the EnerGov system in June 2022 for recent Building permits issued to any of the eight category types. Field observations were then conducted on eight different dates, starting on June 6, 2022, and ending on June 29, 2022,

involving all geographical areas of Miami Beach, from South Pointe Drive to the City's northern boundaries. The auditor also concurrently drove through nearby neighborhoods, searching for construction sites and/or unreported roll-off containers.

The field observations were conducted in the morning, following which the OIG Sanitation Tax Auditor would send emails to Code Compliance Department personnel containing pictures and brief narratives of all observed activities where contractors did not appear compliant with City Code Section 90 requirements for BTRs and permits for such activities. Code Compliance Enforcement Officers would typically visit the referenced locations within 24 hours to investigate, issue any warranted NOVs, and notify the OIG of its findings by email.

In sum, the Code Compliance Department issued 82 violations on 72 NOVs, as ten NOVs contained two violations. Table 1 below shows that 85.37% of the issued violations ((43+27)/82) were due to the contractor's not obtaining the required Roll-Off permits (Permit-001S) or Business Tax Receipts (Business Tax Receipt -013C).

Table 1. # of Issued Violations by Code Number

Code Number	Quantity
Garbage Haulers Identification- 003S	8
Permit-001S	43
Demolish Roll Off -001s	4
Business Tax Receipt -013C	27
Totals	82

The violations issued at 43 Miami Beach addresses, ranged between \$100.00 and \$1,000.00, and totaled \$32,300.00. Table 2 in Exhibit A at the end of this report provides additional information.

A December 14, 2022 examination of these issued violations in the EnerGov system by the OIG Sanitation Tax Auditor found that 42 were outstanding, 27 were paid in full, and 5 were appealed. Table 3 in Exhibit A at the end of this report provides additional information.

From the 43 addresses in which violations were issued, the EnerGov system indicated that 38 contained Building permits that were issued, expired, or finalized. The other five addresses were issued NOVs numbered SV2022-19147, SV2022-19071, SV2022-19214, SV2022-19139, and SV2022-19143. Further analysis determined that none of these five addresses were issued Building permits during the five previous fiscal years from when the field observations were conducted (June 2022). The City's annual fiscal year is from October 1 through September 30.

The non-compliance occurring at these five addresses is troubling because the Building Department's permitting process regulates construction to ensure that it is performed in accordance with Florida Building Code standards. To the OIG, this result shows an additional benefit of increased roll-off enforcement by the City.

Table 4 below shows that these 38 addresses in which roll-offs were observed were also issued 129 Building permits from five of the eight category types, which further supports the correlation between these category types and the usage of roll-offs.

Table 4. Permits from issued violations by Building permit type and work class

Work Class	Permit Type					Total
	Building Commercial	Building Condominium	Building Residential	Pool Residential	Roofing Residential	
Alteration (w/o Phased)	21		8			29
Concrete Restoration	5					5
Deck/Pavers	1					1
Demolition	1		6			7
Doors	1		1			2
Driveway/Approach			1			1
Fence	3		4			7
Flooring	8					8
Interior Alteration (No Structural)	10	21				31
Marine	1		4			5
New				3	2	5
New (w/o Phased)	4		6			10
ReRoof					5	5
Shoring			1			1
Waterproofing					1	1
Windows/Doors	4		7			11
Total	59	21	38	3	8	129

Source: Munis system, the City enterprise resource planning system

53 of the 82 total violations or 64.63% were issued to the roll-off contractors listed in Table #5 below. Of these, eight roll-off contractors did not obtain the required BTR for the 2021/22 fiscal year.

Five of the eight non-compliant contractors (Waste Removal Inc; On The Spot Scrapping, Inc; 305 Roll Off Service LLC; HSDO Pros Junk Removal & Dumpster Rentals; and Wasteline Solutions, Inc.) had also not obtained BTRs in prior fiscal years. Given the internal controls in effect during this period, one could not determine whether any of these contractors performed roll-off services on Miami Beach based on the available information.

Table 5. # Number of Violations Issued to Roll-Off Contractors

Roll-Off Contractors	# of Violations Issued
Superior Recycling & Waste Management Inc.	9
Greener Waste Services Inc	6
Great Waste & Recycling Services LLC	5
Florida Waste Removal Inc.	4
G7 Holdings Inc DBA Garbageman.com	4
Ojito Waste Systems Inc.	3
On The Spot Scrapping, Inc.	3
Ready 2 Go Dumpsters LLC	3
Waste Plus Inc.	3
305 Roll Off Service LLC/ Calvo Abner	3
AES Portable Sanitation, Inc	2
HSDO Pros Junk Removal & Dumpster Rentals	2
Pronto Waste Service Inc.	2
Wasteline Solutions, Inc.	2
Coastal Waste & Recycling	1
Waste Management Inc.	1
Total Code Numbers issued	53

One contractor, a junk removal company named 1-800-GOT-JUNK?, subsequently obtained its

required BTR. Junk removal contractors focus primarily on the removal of furniture, garbage, old appliances, household trash, yard waste, construction, and demolition debris by using small trucks to remove and dispose of the items, and not roll-off containers. It appears to the OIG that many junk removal contractors believe they are not subject to the roll-off requirements in the City Code, including the need to obtain annual BTRs, roll-off permits from the Sanitation Division, and to file and remit monthly roll-off permit fees to the City Finance Department. The OIG recommends the City Code be revised to provide clarification and remove any ambiguities regarding the responsibilities of the contractor.

The OIG Sanitation Tax Auditor also found that several of the contractors were not filing monthly Roll-Off Permit Fee Returns accompanied by payment of monies due to the City Finance Department, which have equaled 20% of the contractor's Miami Beach gross receipts since October 5, 2019. As a result, the City may not be collecting all monies due from these contractors. The shortcomings identified in this audit show the City's overreliance on audits to determine compliance with City Code Chapter 90, and identify some of the benefits of heightened enforcement.

ADDITIONAL OBSERVATIONS

An examination of the violations paid as recorded in the Munis system Sanitation Fines general ledger account found that sanitation fines increased significantly during the 2021/22 fiscal year in comparison to the prior four fiscal years (see below).

General Ledger Account	Fiscal Year				
	2017/18	2018/19	2019/20	2020/21	2021/22
Sanitation Fines	\$185,863.31	\$112,087.82	\$49,347.00	\$129,278.50	\$292,627.25

The issuance of NOVs is an enforcement vehicle available to deter non-compliance and make roll-off contractors become compliant with City Code requirements. Roll-off contractors are also required to obtain roll-off permits from the Sanitation Division for each Miami Beach address serviced. The issued roll-off permits should be included in the franchise transactions report and roll-off permit fees reported and paid monthly to the City Finance Department. The enforcement actions effectuated by the Code Compliance Department and its issuance of NOVs to non-compliant contractors is an effective internal control to alert City staff of scofflaws. Without such enforcement, non-compliant contractors operating in Miami Beach may gain an unfair competitive advantage over other compliant contractors and the City may not collect the associated monies due.

The extra oversight of the OIG Sanitation Tax Auditor in making these field observations goes further than the auditing of fees and taxes paid to the City by compliant contractors. The combination of the auditor's investigative diligence with the cooperative efforts of Code Compliance Department inspectors has led to both increased City revenue and a more level competitive playing field for private roll-off contractors.

Annual Roll-Off Permit Fees

City Code Section 90-276 (2) requires payment of an annual permit fee in the amount of \$1,000.00 to cover the city's annual administrative and processing costs. As of September 30, 2022, nineteen roll-off contractors complied with this requirement and remitted the annual fee to be used by the Sanitation Department to processing cost into the account "Deferred Revenues City Bills".

The following three contractors did not obtain the required annual roll-off permits during the 2021/22 fiscal year and were cited by the Code Compliance Department: CAP Properties LLC received notice of violation SV2022-19354; Custom Pool Systems LLC received notice of violations SV2021-15228 and SV2022-20401; and ECO Group Services LLC received notice of violation SV2022-17540.

Roll-Off Question

Following discussions between the OIG and Building Department management, two questions related to roll-offs were added to the Building Permit application process at the beginning of the 2020/21 fiscal year. The first question is whether the corresponding work related to each permit involves the usage of a roll-off. If the contractor replies "yes," the second question then requests the name of the roll-off contractor.

Responses to these two questions are for informational purposes only. The individual's receipt of the Building permit is not impaired by either blank or inaccurate responses. This information is helpful to employees of the Sanitation Division, Finance Department, and the OIG in the issuance of roll-off permits and in determining the completeness of prospective contractor roll-off permit fee filings.

A total of 129 Building permits (issued, expired, and finalized) were identified in the EnerGov system related to the 38 addresses receiving violations from the Code Compliance Department based on the field observations performed by the OIG Sanitation Tax Auditor. Only three of 102 permittees reported the usage of roll-off containers when obtaining their Building permit during the 2020/21 and 2021/22 fiscal years. If the roll-off related information needed to increase compliance and revenues is to be obtained, then the City needs to implement a process that is consistently followed so that non-compliant contractors are held accountable.

Application Fiscal Year							
Roll-Off Answer	2017	2018	2019	2020	2021	2022	Total
Blank	2	4	13	8	13	11	51
No	N/A	N/A	N/A	N/A	24	51	75
Yes	N/A	N/A	N/A	N/A	1	2	3
Total	2	4	13	8	38	64	129

After the roll-off question was implemented on the Building permits, the OIG Sanitation Tax Auditor determined that five of the seven field observations performed related to the issuance of demolition contractors responded "no" when asked if a roll-off company was to be used.

Demolition				
Roll-Off Answer	2020	2021	2022	Total
No		2	3	5
Blank	1	1		2
Total	1	3	3	7

The information the applicant provides related to a Building permit is expected to be accurate and complete. City Code Section 90-280 requires the usage of a roll-off container for construction and demolition debris; therefore, a roll-off container should be used in all demolition permits issued and roll-off permit fees should be paid. If the contractor is complying with the City Code, the response should always be “yes.” Those contractors which responded “no” on the Building permit are either being untruthful or are not following the City Code in not using roll-offs. The City should consider making additional enforcement actions available to its staff against non-compliant contractors.

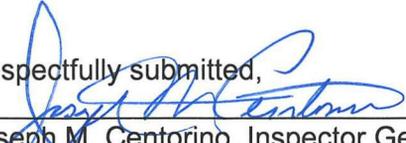
OIG RECOMMENDATIONS

- The Building Department should be immediately notified of any NOV’s issued to contractors for operating without a valid Building permit.
- Building permit applicants should be required to provide the name of the contractor hired to remove the debris associated with issued demolition permits and/or to provide a copy of its negotiated contract. There should be enforcement actions available to the City for blank or inaccurate responses to the two debris removal questions on current Building permits.
- The City Code should be revised to enable more consistent collection of roll-off permit fees due. The Sanitation Division Director agreed in a March 21, 2023, email that City Code revisions are needed related to Section 90-2, and he will work with the Office of the City Attorney on this project. One option currently being considered is the upfront collecting of roll-off permit fees based on a designated formula and the estimated debris field, concurrent with the issuance of Building permits.
- A correlation between eight identified Building permits and the usage of roll-offs often exists as shown in this report. A link between the roll-off contractors and Building permits is needed and should be reviewed by City staff to obtain better compliance with the City Code requirements.
- The OIG suggests more emphasis should be placed on enforcing the roll-off provisions listed in City Code Chapter 90.
- The City should pursue the enforcement actions stated in the City Code against any contractors that continually violate its provisions, and/or do not timely resolve any issued violations.

AUDITEE RESPONSES

The draft audit report was disbursed by a March 7, 2023 email to all affected parties in accordance with Section 2-256(h) of the City of Miami Beach Code, which gives each person or entity thirty working days to submit a written explanation or rebuttal of the findings. All responses received during this period are included in this final report.

Respectfully submitted,



Joseph M. Centorino, Inspector General

05/02/2023
Date



Mark Coolidge, Chief Auditor

05/02/2023
Date

cc: Alina Hudak, City Manager
Eric Carpenter, Deputy City Manager
Joe Gomez, Public Works Department Director
Bradford Kaine, Sanitation Division Director
Ana Salgueiro, Building Department Director
Hernan Cardeno, Code Compliance Department Director
Kathie Brooks, Acting Chief Financial Officer
Frank Quintana, Chief Information Officer
Rafael Paz, City Attorney
Steven Rothstein, Deputy City Attorney

Exhibit A

Table 2. Issued violations by category and business type

Issued Violations	Business Type							Total
	Contractor	Demolition	Junk Removal	Landscaping	Recycling	Roll-Off	Trucking	
Demo	3					1		4
No BTR	4	1	1	1	2	16	2	27
No identification	3		1			2		6
No Roll-off Permit	4	1	1	1	2	34	2	45
Total	14	2	3	2	4	53	4	82

Table 3. Issued violations by code status and business type

Code Status	Business Type							Total
	Contractor	Demolition	Junk Removal	Landscaping	Recycling	Roll-Off	Trucking	
Appeal		1			1	3		5
Closed				1				1
Fine Owed	7				1	32	2	42
Fine Paid	7	1	3		1	13	2	27
Notice of Violation					1			1
Notice of Violation – Certified Mail						4		4
Notice of Violation – Reinspection				1		1		2
Total	14	2	3	2	4	53	4	82

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