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OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

MARJORIE LANDA
DEPUTY COMPTROLLER FOR
AUDIT

BUREAU OF AUDIT

September 24, 2014

By Electronic Mail

Mr. Kyle Kimball, President
New York City Economic Development Corporation
110 William Street
New York, NY 10038

**Re: Letter Report on the New York City Economic Development Corporation's
Compliance with Local Law 36 (Audit Number 7R14-121AL)**

Dear Mr. Kimball:

This Letter Report contains the findings of our audit of the compliance by the New York City Economic Development Corporation ("EDC") with Local Law 36, which governs waste prevention, reuse and recycling by City agencies. The objective of this audit is to determine if EDC is complying with the local law, which is intended to make City agencies, and ultimately the City as a whole, more sustainable through efforts that promote a clean environment, conserve natural resources and manage waste in a cost-effective manner. In addition, in the course of the audit, we noted additional efforts made by EDC to follow recycling rules established by the Department of Sanitation for the City of New York ("DSNY") pursuant to Local Law 36. Our audit of EDC is one in a series of audits we are conducting of compliance with the local law.

Background

In 1989, New York City established Local Law 19, codified as Administrative Code §§ 16-301, *et seq.*, to establish an overarching "policy of the city to promote the recovery of materials from the New York City solid waste stream for the purpose of recycling such materials and returning them to the economy." The law mandates recycling in New York City by residents, agencies, institutions, and businesses, and includes a series of rules to guide implementation. Local Law 19 requires the City to establish environmental policies to conserve natural resources and manage waste in a sustainable and cost-effective manner.

In 2010, the City enacted Local Law 36 by which it amended the recycling provisions of Local Law 19 (Administrative Code § 16-307) to require each City agency to develop a waste prevention, reuse, and recycling plan and submit the plan to the DSNY for approval by July 1, 2011, and each year after. Local Law 36 also requires each agency to

designate a lead recycling or sustainability coordinator for the agency and, where the agency occupies more than one building, to designate an assistant coordinator for each building the agency occupies. By July 1, 2012, and in each year thereafter, the lead recycling coordinator for each agency is required to submit a report to the head of its agency and to DSNY “summarizing actions taken to implement the waste prevention, reuse, and recycling plan for the previous twelve-month reporting period, proposed actions to be taken to implement such plan, and updates or changes to any information included in such plan.”

In addition, Local Law 36 requires the Commissioner of DSNY to adopt, amend, and implement regulations governing recycling by City mayoral and non-mayoral agencies. DSNY is also responsible for consolidating the information contained in agency reports and including this information in the department’s annual recycling report.

Findings and Recommendations

Our audit found that EDC generally complies with Local Law 36. We found that EDC source-separates its recyclable materials, and has designated a lead recycling/sustainability coordinator and assistant coordinators. However, we found that EDC did not establish a waste prevention, reuse and recycling plan until the fall of 2013, after this audit had commenced. We also found that EDC did not submit the required annual report to its President or to DSNY for fiscal years 2012 and 2013. Our findings are summarized in the table entitled Compliance Summary below.

COMPLIANCE SUMMARY		
Local Law 36 Criteria	Compliance	Notes
Recycles designated materials	Yes	Overall the program complied
Designates waste prevention reuse and recycling coordinator	Yes	EDC designated a coordinator and assistant coordinators
Establishes a waste prevention, reuse and recycling plan by July 1, 2011	Partial	EDC did not establish a waste prevention, reuse and recycling plan until after this audit commenced--September 2013
Submits annual report to the agency head and DSNY Commissioner	No	EDC did not submit annual reports to its president or to DSNY for Fiscal Years 2012 and 2013

In addition to these findings, we observed that EDC has made additional efforts to address waste prevention, reuse and safe handling of hazardous waste beyond the requirements of the local law. Following our audit electronic survey, EDC has expanded its

recycling efforts by adding additional recycling stations and establishing a waste prevention, reuse and recycling plan to bring the agency into compliance with Local Law 36. In addition, EDC coordinates with building management for the collection and proper disposal of its electronic waste, such as lighting and ballasts. These observations are based on DSNY's additional guidelines.

We recommend that EDC submit the required annual report to its President and DSNY by July 1st of each year as required by Local Law 36.

Scope and Methodology

We conducted this 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. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope period for this audit was July 1, 2011; the date Local Law 36 went into effect, through March 14, 2014, the last day of our fieldwork. Our methodology for this audit consisted of the following steps:

- We reviewed applicable laws, rules, policies, and procedures to determine our criteria in accordance with Local Law 36, including Local Law 19, Local Law 36, DSNY's agency waste prevention, reuse, and recycling plan template, and DSNY's report submission form and implementation guidelines;
- We sent an electronic survey to EDC to determine if the agency met the key provisions of Local Law 36 reflected as the core criteria in the table below and analyzed the survey results and other additional materials provided by EDC;
- We requested and reviewed as applicable EDC's waste prevention, reuse, and recycling plan, list of coordinators, and the agency's 2012 and 2013 annual reports; and
- We conducted an interview with EDC's recycling/sustainability coordinator to discuss the agency's recycling and waste prevention efforts and visited EDC to verify its compliance with Local Law 36.

Based on our understanding of the Local Law 36 requirements, we outlined all the criteria necessary for agencies to be in compliance. The table below outlines agencies' core criteria required to achieve compliance under Local Law 36. A summary of these core criteria forms the basis for the compliance summary reported for each audited agency.

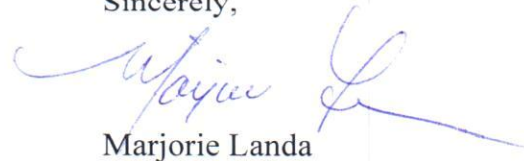
CORE CRITERIA	
Compliance	Detailed Criteria
Recycling	Agency source-separates recyclable materials
Coordination	Agency has a lead coordinator
	Agency has assistant coordinator(s) as applicable
WPRR Plan	Agency has a waste prevention, recycling, and reuse plan
Report to Agency Head and DSNY Commissioner	Agency submitted 2012 report
	Agency submitted 2013 report

Because many agencies may have pursued initiatives beyond these core requirements, we recognized agencies' additional actions regarding recycling and sustainability. Our observations are based on the additional actions established by DSNY in its waste prevention, reuse and recycling plan implementation guidelines and other efforts taken by agencies.

The issues covered in this report were discussed with EDC officials during and at the conclusion of this audit. On August 15, 2014, we submitted a draft report providing EDC with an opportunity to formally respond. EDC's response was received on August 28, 2014. In its written response, EDC generally agreed and stated that "going forward we will ensure that an annual report is submitted to our agency head and to the DSNY Commissioner by July 1st of each year."

The full text for the EDC's comment is attached as an addendum to this report.

Sincerely,



Marjorie Landa

- c: Kim Vaccari, Executive Vice President
- Jonathan Hurtado, Vice President, Administrative Services
- Bulent Celik, Controller
- Mindy Tarlow, Director, Mayor's Office of Operations
- George Davis, III, Deputy Director, Mayor's Office of Operations



August 27, 2014

New York City Comptroller's Office
One Centre Street, Room 1100
New York, New York 10007-2341
Municipal Building
Attn: Marjorie Landa Deputy Comptroller

Re: Response to Audit Report on the New York City Economic Development Corporation's Compliance with Local Law 36 (7R14-121AL)

Dear Ms. Landa:

New York City Economic Development Corporation ("EDC") has reviewed the Draft of the above-referenced audit report, dated August 15, 2014, and responds to the Compliance Summary directed in the audit as follows:

Recommendation #3:

"EDC did not establish a waste prevention, reuse, and recycling plan until after this audit commenced – September 2013"

EDC Response:

NYCEDC partially agrees to this recommendation. A waste prevention, reuse and recycling (WPRR) plan was established and set as a policy on September 2013. It should be noted, that even though a written plan did not exist by the beginning of FY 2012, NYCEDC was complying with official rules and regulations related to the WPRR plan (e.g. desk-side recycling receptacles, paper recycling receptacles in common areas, glass bottle collection for recycling, green purchasing and reuse methods and other measures) by July 2011. NYCEDC will continue to diligently review our current WPRR plan and update periodically.

Recommendation #4:

"EDC did not submit annual reports to its president or to DSNY for Fiscal Years 2012 and 2013"

EDC Response:

NYCEDC agrees, going forward we will ensure that an annual report is submitted to our agency head and to the DSNY Commissioner by July 1st of each year.

Should you have any questions or concerns regarding EDC's responses to the recommendations provided in the audit report, please feel free to contact Mr. Bulent Celik, Controller, directly at (212) 312 3855 or via e-mail at bcelik@nycedc.com.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Hobson", followed by a horizontal line extending to the right.

Spencer Hobson
Director of Finance

cc: Kyle Kimball, CEO & President
Kim Vaccari, Chief Financial Officer
Richard Cote, Executive Vice President
Jonathan Hurtado, VP, Administrative Services