Report Issued

September 30, 2025
Audit Report No. 25-05

City of Cape Coral
City Auditor's Office

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Public Works - Solid Waste Section Operations Audit

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TO: Mayor Gunter and Council Members

FROM: Andrea R. Russell, City Auditor

DATE: September 30, 2025

SUBJECT: Public Works – Solid Waste Section Operations Audit

The City Auditor's Office conducted a performance audit of the Public Works – Solid Waste Section Operations. This audit is included in the City Auditor's FY25 approved Audit Plan. The audit was conducted in conformance with Generally Accepted Government Auditing Standards by the authority granted through City Ordinances 28-02 and 79-10.

We would like to express our sincere appreciation to Solid Waste management and staff for the courtesy, cooperation, and proactive attitude extended to the team members during the audit. If you have any questions or comments regarding this audit, please contact Andrea Russell at 242-3380.

C: Michael Ilczyszyn, City Manager
Connie Barron, Assistant City Manager
Mark Mason, Assistant City Manger
Aleksandr Boksner, City Attorney
Kimberly Bruns, City Clerk
Matthew Williams, Public Works Director
Damon Grant, Assistant Public Works Director
Terry Schweitzer, Solid Waste Manager
Crystal Feast, Financial Services Director
Sarah Evins, Special Projects Coordinator
Audit Committee

REPORT HIGHLIGHTS

Public Works – Solid Waste Section Operations Audit

Issued September 30, 2025

Objectives

1. To determine if the City has controls in place to monitor the Solid Waste Hauler's adherence to the service contract.
2. To determine if payments made to the Solid Waste Hauler were supported, accurately calculated, properly authorized, and paid timely.
3. To determine if transactions in the Solid Waste fund are allowable in accordance with policies and procedures, and balances are accurate and properly recorded in accordance with Generally Accepted Accounting Principles.

WHY THIS MATTERS

In Cape Coral, waste collection and disposal are outsourced to a private vendor, making oversight critical to ensure accountability and performance. Since 2020, the City's population has grown by more than 20%. This rapid growth directly increases the volume of solid waste, accelerates landfill use, and requires additional hauler capacity. To meet the demands of a growing community, the City must make informed decisions to support reliable service delivery, protect environmental resources, and responsibly manage taxpayer dollars. Effective management of solid waste contracts and monitoring of the solid waste hauler ensures efficiency, transparency, and fiscal responsibility, while also preparing the City to handle future growth in a sustainable way.

ACCOMPLISHMENTS

1. Four Solid Waste Inspectors monitored more than 3,000 lane miles of roadway, performing health and sanitation abatements and observing solid waste, recycling, bulk, and horticulture collection across 256 weekly franchisee routes.
2. For FY25, through June 2025, the Solid Waste Section resolved over 9,100 residential and commercial 311 service requests.
3. Solid Waste Inspectors addressed over 350 Code 9-67(9)a violations related to carts in view and carried out nearly 500 solid waste abatements in accordance with Code Article III.
4. The Solid Waste Section reviewed and approved more than two dozen dumpster enclosures in compliance with Land Development Code Section 5.1.5, ensuring proper design and community standards.

WHAT WE FOUND

The City Auditor's Office conducted a performance audit of Public Works - Solid Waste Section Operations. This audit is included in the City Auditor's FY25 approved Audit Plan. In addition to reviewing processes, policies and procedures, we reviewed a sample of expenditures, transfers, and adjustments charged to the Solid Waste Special Revenue fund. We noted that the transactions were made in accordance with the requirements of the Solid Waste Assessment resolution and Generally Accepted Accounting Principles.

Solid Waste complied with applicable laws, regulations, ordinances, and contracts; however, we identified areas within their processes that could be improved to provide more efficient operations and better oversight of the Solid Waste Hauler. These items are discussed in more detail in the Findings and Recommendations section of the report.

While we noted these areas of opportunity for improvement to increase process efficiencies, we noted controls are in place and operating as intended and no material deficiencies were identified.

City Auditor Andrea R. Russell • (239) 242-3380 • ARussell@CapeCoral.gov

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Background

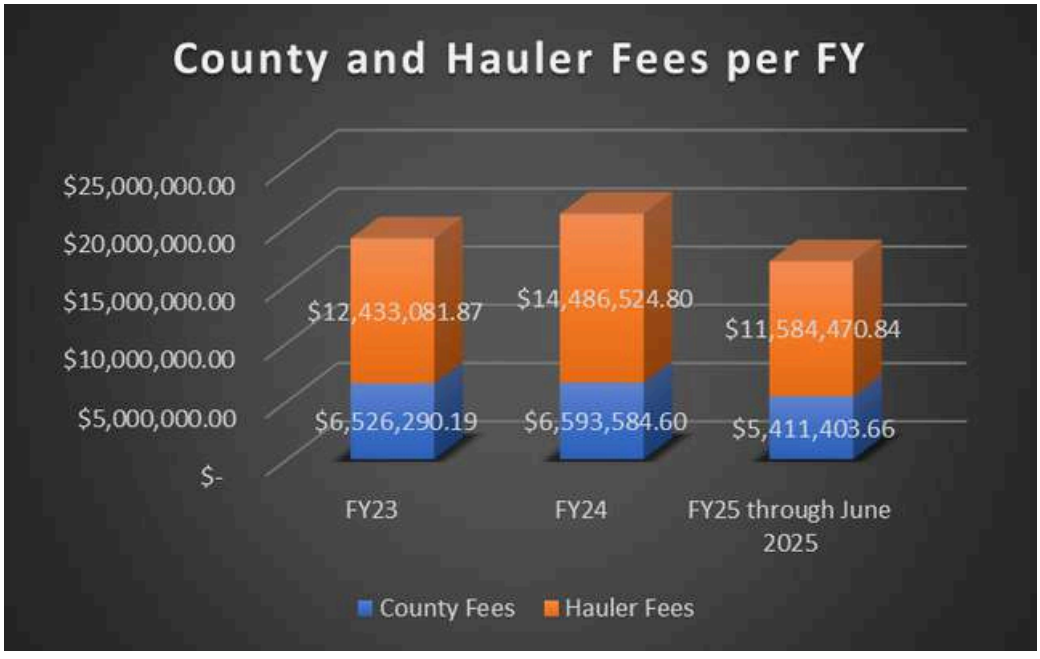
The City of Cape Coral (City) Code of Ordinances, Chapter 9, “Health and Sanitation”, Article III, “Disposition of Garbage”, defines the requirements for the City to provide uninterrupted, continuous, adequate, and necessary waste removal for residential dwellings and commercial establishments within City limits. Solid Waste operations are managed through the Public Works Department. A third-party solid waste hauler (Hauler) provides solid waste and recycling services. The Hauler collects garbage, horticulture, and recycle, and disposes of the collection at the Lee County Solid Waste (County) facility. The illustration below displays the average amount of waste collected and tipping fees[1] assessed monthly:

[1] Tipping fees are charges invoiced monthly by the County for accepting and processing solid waste. These fees are typically paid by waste haulers when they “tip” or unload waste at the disposal site.

The Solid Waste Section (Section) is comprised of one Manager and four inspectors who are responsible for supporting the mission of the Section: *To provide cost-effective, environmentally safe, and sound solid waste management practices. Inherent within this mission are efficient, sustainable collection and disposal of various waste materials, and to pursue a healthier, more aesthetically pleasing community by promoting clean community programs and policies.* To uphold their mission, the Section is responsible for monitoring adherence to the contract with the City's Hauler by following up on citizen requests and ensuring timely payment of services to the Hauler.

The City is divided into five collection zones. Each zone has an assigned collection day for when the Hauler gathers the materials from the curb and transports them to the County facility. From that point forward, the County assumes responsibility for processing. Upon arrival at the County facility, the Hauler's truck weight in tons is recorded and used to calculate monthly tipping fees billed to the City. The Hauler also invoices the City monthly for franchise fees based on residence counts. The illustration below depicts the process from collection to invoicing the City.

For the scope of the audit, the average monthly invoice for tipping fees from the County was over $560,000 and the monthly Hauler invoices, less administrative fees, was over $1.1 million. Fees for FY25, through June 30th, are on target to exceed FY24 totals.



In the Public Works page on the City's website, the General Support/Services Section provides information to inform residents about what constitutes garbage versus recycle, horticulture collection requirements, bulk waste pick-up and drop-off, cart (trash and recycle bins) household allocations, maintenance and replacement information, and Frequently Asked Questions. Accessible, easy to understand communication of information and best practices is essential to minimize citizen requests and assist with proper disposal.

If issues or concerns arise from solid waste services, residents can submit 311 requests directly to the City for concerns including missed pick-up; missing or damaged cart or container; property damage; or fluid spills on roadway. Upon review of the issue, City Solid Waste Inspectors (Inspectors) submit a ticket with the Hauler to address the issue at hand. The Inspectors monitor compliance with the 311 tickets. If resolution is not provided within a specified timeframe detailed in the contract, administrative fees are applied for the request and may be assessed monthly to the Hauler[2].

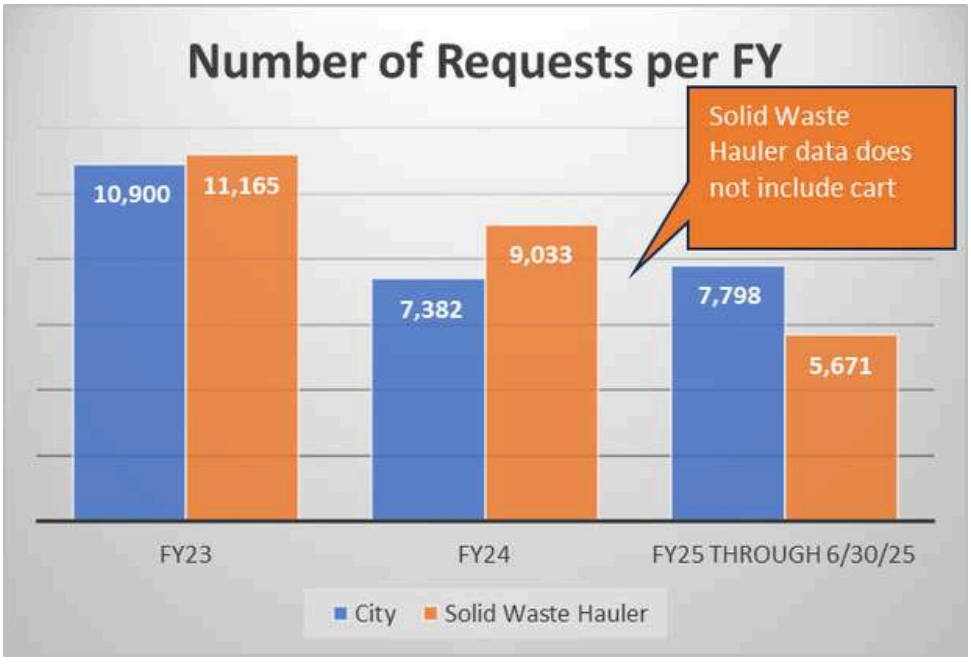
[2] Monthly, the Solid Waste Manager and the Hauler review and adjust administrative fees. Fees calculated below the contract minimum $12,501 are not assessed.

Findings and Recommendations

FINDING 2025-01: Procedures Needed for Monitoring of Solid Waste Reported Issues
Rank: High

Condition:
When a citizen encounters an issue related to solid waste services, they may use the City's 311 system to report it or contact the contracted Hauler directly. In general, citizens can submit a request to 311 for missed pick-ups, cart replacements or repair, dead animals located in the right-of-way, or damage to City or personal property caused by the Hauler. When an issue is reported through the 311 system, the City can more effectively manage and track the status of the request compared to when it is submitted directly to the Hauler[3]. This is because the Hauler is not obligated to relay reported issues to the City and there is no mechanism for the City to verify the details independently. For instance, if the Hauler provided access to onboard cameras or GPS data, the City would have additional support to validate and investigate the incident.

The Solid Waste Collection Contract RFP-PW10-15/PB (Contract) stipulates timeframes for issue resolution to be completed. The Contract also includes a schedule of administrative fees that may be applied if the Hauler does not resolve the issue in accordance with the contract. To help monitor compliance, the Inspectors perform inspections on all issues, except those related to cart replacement or repair after Hauler resolution to confirm the resolution is complete and the request has been noted as closed.



Results
For the scope of the audit, there were over 26,000 requests submitted to the City through 311, resulting in over $275,000 in Administrative Fees[4] assessed for unresolved issues. The Hauler reported over 25,000 missed pick-ups for the scope of the audit.

[3] See Finding 2025-02, Solid Waste Hauler Contract Needs Review and Updating, for further information.
[4] In accordance with Contract Amendment 3, if Administrative Fees total less than $12,501, the Hauler is not charged.

We selected a random sample of 40 reported issues; 20 for cart replacement or repair; and 20 for missed pick-ups or other related issues. Other reported issues include damage caused by the Hauler or a dead animal in the right-of-way.

Cart Issues

Nine of the 20 (45%) requests were not resolved within seven days. Based on our testing population, the number of days to resolve a cart related issues ranged from two to 128 days, with an average of 22 days. The City should consider a formal policy on monitoring and follow up for issues to increase accountability for the Hauler.

Missed Pick-Ups or "Other" Issues

Our sample also included 20 requests related to missed pick-ups and "other" issues. The Contract states requests for missed pick-ups and other issues should be resolved within two business days of the Hauler receiving notification. Of these 20 requests, seven (35%) were not resolved within two business days. The City correctly assessed the corresponding administrative fees of $250 in accordance with contract terms. The remaining issues not resolved within the allotted time requirement, had documented support for no charges to be assessed. Based on our testing population, the average number of days to resolve missed pick-ups or other issues is nine days, ranging from one day to 53 days. Additionally, in accordance with informal Section policies and procedures, Inspectors are required to follow-up on the resolution of missed pick-ups to ensure compliance with contract terms; however, there are no formal policies and procedures in place. Of the 20 missed pick-up requests, 17 (85%) did not have any notes in the request record to document the Inspector performed the follow-up.

Criteria:

- Solid Waste Collection Contract RFP-PW10-15/PB
- Informal Solid Waste Section policies and procedures
- 311 policies

Cause:

- Insufficient policies and procedures
- Noncompliance with contract

Effect:

- Potential unaddressed issues
- Understatement of Administrative Fees
- Inconsistent day to day operations

Recommendation

2025-01a:
Develop policies and procedures for issue resolution and management.

Management Response and Corrective Action Plan:

2025-01a Select one of these boxes:

☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***

***For partially agree or disagree a reason must be provided as part of your response.**

2025-01a

The Section agrees with the audit's findings and will establish a cross-functional team to develop formal, standardized policies and procedures for managing solid waste issue resolution, ensuring consistent monitoring, follow-up, assignment, and closure in alignment with contract requirements; standardized workflows, mandatory documentation, inspection steps, and staff training will be implemented with new procedures targeted for adoption and publication.

2025-01a **Management Action Plan Coordinator:**
Public Works Director

2025-01a **Anticipated Completion Date:**
12/31/2025

Recommendation

2025-01b:
Monitor requests and document follow-up communication with the Hauler for issues not completed within the allotted timeframe to support Solid Waste Inspector actions.

Management Response and Corrective Action Plan:

2025-01b Select one of these boxes:

☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***

***For partially agree or disagree a reason must be provided as part of your response.**

2025-01b
The Section agrees with the audit and will enhance tracking and documentation of unresolved or delayed solid waste service requests by requiring inspector notes for each follow-up action, implementing monthly audits of outstanding requests, updating the 311 system to mandate documentation before closure, developing a standard operating procedure for monthly reconciliations with the hauler, and conducting quarterly compliance reviews.

2025-01b **Management Action Plan Coordinator:**
Public Works Director

2025-01b **Anticipated Completion Date:**
12/31/2025

FINDING 2025-02: Solid Waste Hauler Contract Needs Review and Updating
Rank: High

Condition:
The Solid Waste Collection Contract between the City and the Hauler is missing key provisions that limit the Section's ability to effectively monitor contract compliance and safeguard the City's interests. The Contract was enacted on April 15, 2010, amended three times, and ends on September 30, 2027. The Hauler invoices the City monthly for collection services. The City paid approximately $12.4 million in FY23 and $14.4 million in FY24. The City is in the process of developing a new Request For Proposal for Solid Waste Services and going out for bid for hauling and cart services.

Cart Asset Management
The Hauler is responsible for delivery of one garbage and one recycling cart to each residence. Although the garbage and recycling carts become City property upon delivery, the Hauler does not provide the City with an inventory or activity log of carts. During the audit period reviewed, the Hauler delivered over 24,000 new garbage and recycling carts and repaired or replaced over 11,000 carts, but this information was only provided to Auditors upon request and not to Public Works[5].

Issue Monitoring
Citizens may report issues to the City through the 311 system, or directly to the Hauler. While the City tracks issues it receives, it does not receive reports of issues submitted directly to the Hauler. During the audit period reviewed, over 25,000 issues were reported directly to the Hauler, but this information was only provided to the Auditors upon request and is not communicated to the Section. As a result, the City cannot ensure all citizen issues are resolved, nor enforce administrative charges that could be assessed when the Hauler fails to resolve issues[6]. The current contract does not include a requirement to provide the City with information regarding citizen issues reported directly to the Hauler.

[5] See Finding 2025-03, Cart Inventory Management Needs Improvement, for further information.
[6] See Finding 2025-01, Procedures Needed for Monitoring of Solid Waste Reported Issues, for further information.

Administrative Fees

Administrative Fees are assessed if issues are not resolved in the allotted time outlined in the Contract. Additionally, the Contract amendment was signed on 1/11/2024 which included a change to say the administrative fees can only be assessed if the monthly total is $12,501 or more. Since this change, the City has not been able to assess over $42,000 in administrative fees for the scope of the audit. Additionally, during our testing of issue monitoring and resolution, we cross referenced issues received by the City to data supplied by the Hauler to determine if issues were first reported to the Hauler and subsequently reported to 311. From our sample of 20 missed pick-ups and other requests, four were first submitted to the Hauler. Two of the four complaints (50%) were not resolved within the required timeframe and could have resulted in administrative fees if the City had access to vendor files.

Service Verification and Billing Transparency

The County invoices the City monthly for solid waste tonnage based on hauler weights logged at the County-owned scale house in Fort Myers. At the scale house, the Hauler identifies the City as the origin of each load. Under the current contract, the Hauler is not required to provide the City with route sheets or GPS documentation to substantiate loads attributed to the City originated within city limits. The City has no way to independently verify that waste reported by the Hauler at the scale house, and subsequently billed to the City, was collected exclusively from residents within city limits. Waste collected from outside city limits may be included with waste collected within the city limits, resulting in potential overcharges[7]. The graphic illustrates the potential overpayment of fees assessed at the County scale house based on the City's average monthly fees of $560,000.

[7] See Finding 2025-04, Solid Waste Invoices Should Be Processed in Accordance with City Policies, for further information.

Criteria:

- Solid Waste Collection Contract RFP-PW10-15/PB

Cause:

- No contractual requirement for communicating issues reported to Hauler
- No contractual requirement to supply route tickets, GPS data, and scale house records
- No contractual requirement for cart management

Effect:

- Potential unresolved issues
- Potential unassessed Administrative Fees
- Potential overpayment of fees assessed at County scale house

Recommendation

2025-02:
Update contractual requirements in the Request for Proposal to include additional reporting requirements and contract terms.

Management Response and Corrective Action Plan:

2025-02 Select one of these boxes:

☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***

***For partially agree or disagree a reason must be provided as part of your response.**

2025-02

Solid Waste agrees that the current contract lacks essential provisions limiting effective monitoring, asset management, and billing controls. To address this, the Section plans a multi-faceted approach, including; 1) negotiating a potential amendment with the current hauler for enhanced reporting like cart inventory and GPS data, 2) embedding robust contractual requirements in the upcoming RFP to ensure transparency and accountability, or combining both strategies. Recognizing the potential additional administrative burden, the Section may need to hire an unbudgeted Accounts Coordinator to manage detailed data review. Corrective actions include revising contract language for ongoing reporting of cart activities, issue tracking, and service verification to prevent unresolved issues and overbilling. We have made the anticipated completion date for this recommendation to occur after the new contact is in place.

2025-02 **Management Action Plan Coordinator:**
Public Works Director

2025-02 **Anticipated Completion Date:**
10/01/2027

FINDING 2025-03: Cart Inventory Management Needs Improvement
Rank: High

Condition:
According to the current Contract, all garbage and recycling carts (carts) delivered to residents by the Hauler become the property of the City at the time of delivery. Despite this ownership arrangement, the Contract does not require the Hauler to provide the City with a list or inventory of carts delivered, repaired, or retired. Consequently, the City does not maintain formal records or tracking of its cart assets.

We performed an analysis to develop an estimate of the number and value of carts currently in service. Based on June 2025 housing data used to calculate monthly solid waste invoices, there were 95,402 residences enrolled in residential solid waste service. Assuming each eligible residence has one garbage cart and one recycling cart, approximately 190,804 carts are in circulation within the City. In the aftermath of Hurricane Ian, the City procured replacement carts at a cost of $56 per garbage cart and $51 per recycling cart. Applying these unit costs to the estimated 190,804 carts, the total projected value of the City's solid waste cart inventory is approximately $10.2 million.

Based on this estimate, carts represent a significant City owned asset essential to providing solid waste services and maintaining service quality for residents; however, the Section does not currently have a formal, comprehensive cart tracking system. While the Hauler was able to provide Auditors, upon request only, records showing more than 24,000 new carts delivered and 11,000 damaged carts were repaired and/or replaced during the audit scope, this information is not provided to the Section or required by contract. On average, 364 new recycling and 373 new trash carts were delivered each month, equating to $18,564 and $20,888 respectively.

Lack of cart data hinders the Section's ability to monitor Hauler performance in delivering, replacing, or repairing carts in a timely manner, potentially leading to delays in resident service. Without reliable cart data, the Section cannot plan for long-term replacement schedules, identify repair trends, or develop accurate financial forecasts.

Criteria:

- Solid Waste Collection Contract RFP-PW10-15/PB

Cause:

- Lack of cart inventory system and monitoring
- Insufficient contract requirements for cart data

Effect:

- Inaccurate asset accountability
- Poor transition readiness
- Ineffective long-term planning
- Potential delays and/or increased costs during transition to new contract

Recommendation

2025-03:
Implement a formal asset tracking system within the Solid Waste Section.

Management Response and Corrective Action Plan:

2025-03 Select one of these boxes:

☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***

***For partially agree or disagree a reason must be provided as part of your response.**

2025-03

The Section agrees with the audit finding regarding cart inventory management and recognizes the importance of implementing a formal asset tracking system for over $10 million in City-owned carts. As part of the upcoming solid waste procurement, the Section will include contract requirements for the Hauler to provide detailed cart inventory and transaction reports. We have made the anticipated completion date for this recommendation to occur after the new contact is in place.

2025-03 **Management Action Plan Coordinator:**
Public Works Director

2025-03 **Anticipated Completion Date:**
10/1/2027

FINDING 2025-04: Solid Waste Invoices Should Be Processed in Accordance with City Policies
Rank: Medium

Condition:
Florida State Statute (FSS) 218.73(2)(d), Timely payment for nonconstruction services, states:

> *The time at which payment is due for a purchase other than construction services by a local government entity must be calculated from…the date on which the local governmental entity and vendor agree in a contract that provides dates relative to payment periods.*

The City receives invoices monthly from our contracted Hauler for a set collection rate per residence, and from the County for landfill tipping fees. The Hauler invoices the City based on the number of residences they are required to pick-up solid waste from in accordance with their contract. In addition to the Hauler invoices, the County invoices the City for tipping fees based on tons of solid waste dumped each month by the Hauler. The Section receives invoices by email from the Hauler and the County. The Solid Waste Manager stamps each invoice approved prior to payment processing after reviewing invoiced amounts in comparison to the predetermined number of residences. The Solid Waste Manager is unable to review and verify information on the County invoices because the Hauler does not provide the City with documentation they receive from the County or other supporting documentation such as route sheets or GPS[8]. The Section follows City policy which requires adherence to FSS 218.73 and contract terms. Additionally, in accordance with City policy, the invoice is required to be stamped with the date it is physically received by the Section. As part of our invoice testing, we noted two invoices, one for hauler fees and one for tipping fees that were not paid in accordance with contract terms and FSS 218.73.

Hauler Invoices
The City and the Hauler work together monthly to determine the number of residences to include on the invoice. The Contract states that franchise fees must be paid within 30 days of the receipt of the invoice[9]. The Section does not follow the City policy requirement to stamp invoices when received. Instead, invoices are stamped once reviewed and approved by the Solid Waste Manager. One of four (25%) invoices tested was not paid within 30 days. This could have resulted in additional fees due to noncompliance with contract terms. It is important to note no fees or penalties have been assessed for late payment.

8 See Finding 2025-02, Solid Waste Hauler Contract Needs Review and Updating, for further information.
9 See Contract Section 13 for payment information. For testing purposes, because the invoices are not date stamped when received, we used the invoice date to determine prompt payment.

Lee County Tipping Fee Invoices

County invoice terms require payment as of the invoice date or late fees of one percent per month can be charged for invoices 30 days or more past due. Additionally, Resolution 174-20 establishes the Interlocal Agreement for Municipal Solid Waste Disposal, Solid Waste System Assessment and Supplement Services (Agreement). The Agreement indicates the City is responsible for timely payments for monthly tipping fees. Daily, Hauler trucks are weighed at the County scale house where they dump solid waste and horticulture debris. The scale house provides a ticket to the driver and the weight is recorded in the County system of record. Monthly, the County provides a list of all haulers and the corresponding weight to the Section to support the monthly tipping fee invoice. One of four (25%) invoices tested was not paid within 30 days. This could have resulted in additional fees to be assessed to the City due to noncompliance with Resolution 174-20 and FSS 218.73. It is important to note no fees or penalties have been assessed for late payment.

Criteria:

- FSS 218.73
- Solid Waste Collection Contract RFP-PW10-15/PB
- Resolution 174-20, Interlocal Agreement for Municipal Solid Waste Disposal, Solid Waste System Assessment and Supplement Services
- Financial Services Invoice Processing
- Invoice terms

Cause:

- Noncompliance with FSS 218.73
- Noncompliance with Solid Waste Collection Contract
- Noncompliance with Resolution 174-20
- Noncompliance with invoice terms

Effect:

- Potential increased costs to the City for late payments

Recommendation

2025-04:
Adhere to City policy and contract terms for prompt invoice payment.

Management Response and Corrective Action Plan:

2025-04 Select one of these boxes:

☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***

***For partially agree or disagree a reason must be provided as part of your response.**

2025-04

The Section agrees with the audit finding regarding timely processing of solid waste invoices in compliance with City policy and statutory requirements. To address historical lapses in stamping invoice receipt dates and occasional late payments, the Solid Waste Manager has added the Accounts Coordinator to the contractor's invoice distribution list to prevent invoices from being missed. Going forward, the Section will ensure strict adherence to Florida State Statute 218.73, contract terms, and City policies by stamping invoices upon receipt for accurate payment timelines and maintaining proactive coordination between staff and vendors. This will mitigate risks of late fees and strengthen compliance oversight, with completion already achieved under the supervision of the Solid Waste Director or designee. Additionally, it is suggested to maintain multiple staff email recipients for invoices to avoid missed communications.

2025-04 **Management Action Plan Coordinator:**
Public Works Director

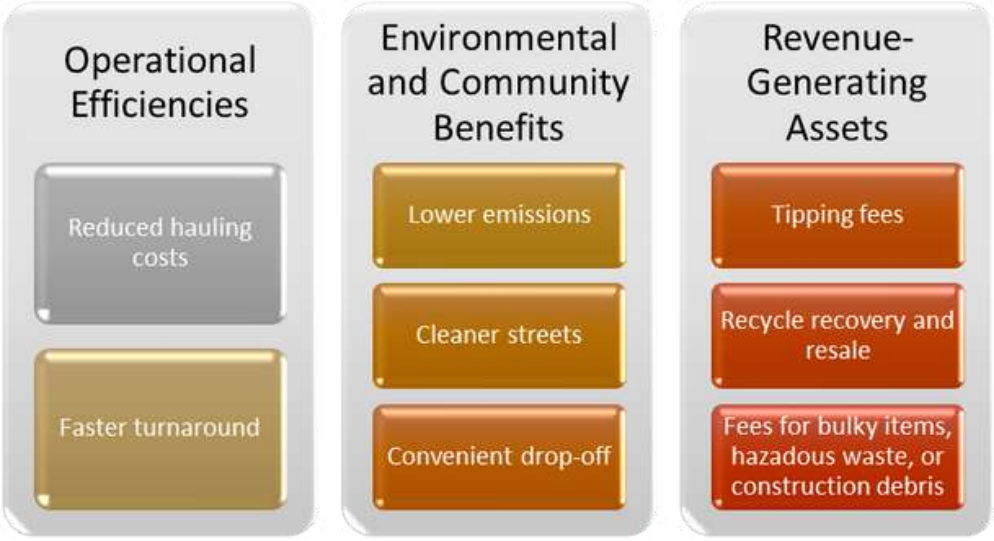
2025-04 **Anticipated Completion Date:**
10/31/2025

FINDING 2025-05: Interlocal Agreement Needs Review and Consideration for Update
Rank: Medium

Condition:
The City and County entered into an Agreement on August 10, 2020. The Agreement outlines the responsibilities for the City and County which includes the County maintaining sole responsibility for processing and disposing of all contents delivered to the County's Integrated Solid Waste Disposal and Resource Recovery System in Fort Myers. The City is responsible for ensuring all its Municipal Solid Waste (MSW), Vegetative Waste, and residential and multi-family program recyclables material are directed and delivered to the County. The City does not have rights to any proceeds or economic benefit derived from the County's disposal of the City's MSW and Vegetative Waste.

To ensure compliance with delivering solid waste and recycling materials to the County, the Haulers contracted with the City must commute to the County's facility to dump solid waste, recycle, and horticultural debris. This commute results in additional time and costs to the Hauler.

According to census data, the City's 2020 population was approximately 194,000, growing to approximately 233,000 in 2024, an increase of 20%. This increase in population places pressure on housing, infrastructure, and government services, including solid waste disposal. Consideration should be given to establish a waste transfer station within City limits. A waste transfer station would serve as a hub where waste is temporarily held, sorted, and consolidated before being hauled to a landfill or recycling center. A waste transfer station could potentially result in operational efficiencies, environmental and community benefits, and additional revenue.



The City, on average, pays over $560,000 monthly in residential tipping fees which corresponds to over 11,300 tons per month. By having a transfer station within City limits, this cost would become a savings, and the City could earn tipping fees.

Potential revenue projection:

Metric	Hypothetical Cape Coral (Low)	Hypothetical Cape Coral (High)
Tipping fee	$7.75/ton	$50–$95/ton
Tonnage	20,000 tons/year (baseline)	100,000 tons/year (aggressive)
Tipping fee revenue	$155k	$5–9.5 million
Lease/host payments	$0–$100k/year	$0–$100k/year
Operational savings	$0–$50k/year	$50–$200k/year
Estimated Total Revenue	**$155k–$305k/year**	**$5.1M–$9.8M/year**

Criteria:

- Interlocal Agreement for Municipal Solid Waste Disposal, Solid Waste System Assessment and Supplemental Services

Cause:

- Rapid population growth
- Increasing demand on City infrastructure and services

Effect:

- Increased costs to City residents
- Increased Hauler fuel consumption
- Increased Hauler maintenance costs
- Potential increase in transfer station revenue/tipping fees

Recommendation

2025-05:
Review Interlocal Agreement and current contract to explore options to improve solid waste management within the City.

Management Response and Corrective Action Plan:

2025-05 Select one of these boxes:

☒ **Agree** ☐ **Partially agree*** ☐ **Disagree***

***For partially agree or disagree a reason must be provided as part of your response.**

2025-05

The Solid Waste Section acknowledges the need to revisit current disposal arrangements due to population growth and increased service demands. It is actively engaged with Lee County Solid Waste Department to explore operational efficiencies, including establishing a waste transfer station within City limits to reduce hauling costs and emissions. The Section is incorporating contract provisions to allow renegotiation of hauler fees if closer disposal options become available, ensuring cost savings. Corrective actions include ongoing discussions with Lee County, assessing feasibility of a transfer station, incorporating flexible contract language in the procurement process, and periodic reviews of the Interlocal Agreement. The Section will monitor and analyze future service needs, aiming to balance cost control, service reliability, and potential revenue while efficiently managing growing solid waste infrastructure needs.

2025-05 **Management Action Plan Coordinator:**
Public Works Director

2025-05 **Anticipated Completion Date:**
12/31/2027

Scope

Based on the work performed during the planning phase and the assessment of risk, the audit covers processes, policies, and procedures in place over the Section for FY23, FY24, and FY25 through June 30th, 2025. To evaluate the processes in place, we reviewed Section related policies and procedures in conjunction with applicable laws and regulations.

Statement of Auditing Standards

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.

Methodology

In order to achieve the audit objectives and gain a better understanding of the Section processes, we conducted interviews and walkthroughs with key staff in the Section, Financial Services, Communications, the Hauler, and Lee County Solid Waste. Additionally, we held meetings with two other government entities, Sarasota County and Hillsborough County, to discuss their processes and best practices. Original records as well as copies were used as evidence and verified through physical examination. Sample size and selection were based on the CAO sampling methodology.

Objective 1: To determine if the City has controls in place to monitor the Solid Waste Hauler's adherence to the service contract.

To determine if requests submitted to 311 are resolved in the allotted timeframe, we randomly selected 40 requests which resulted in 20 requests related to carts and 20 requests for missed pick-up or other requests that could result in administrative charges. The Hauler provided a list of complaints for the scope with the created date and type of complaint but no resolution date. The Hauler's data could not be tested for compliance with the Contract.

To perform an analysis on the Interlocal Agreement, we reviewed the terms of the agreement and considered community, health, and safety factors with current County disposal locations and sites.

Methodology (continued)

To determine if the City has controls in place to provide oversight on City assets, we performed an analysis of carts. The analysis on cart inventory and management was based on documentation provided by the Hauler. The Hauler was unable to provide a complete listing of all carts within the City; however, they did provide a list of carts replaced and delivered during the scope of the audit.

Objective 2: To determine if payments made to the Solid Waste Hauler were supported, accurately calculated, properly authorized, and paid timely.

To determine if invoice payments made were supported, accurately calculated, properly authorized, and paid timely, we selected a sample of Hauler and County invoices from four judgmentally selected months.

We then judgmentally selected four days from our sample of Hauler invoices to request additional support from the Hauler including GPS data, scale house tickets, hauler list, and route sheets. The Hauler only provided scale house tickets and an Excel file of assigned truck numbers and routes; however, no route sheets or GPS footage was provided.

Objective 3: To determine if transactions in the Solid Waste fund are allowable in accordance with policies and procedures, and balances are accurate and properly recorded in accordance with Generally Accepted Accounting Principles.

To determine our sample of fund transactions, we performed a dollar and percentage change analysis for FY23 and FY24 in the planning phase. Transactions included expenditures, revenue, and adjustments recorded in the Solid Waste fund (Fund). This analysis also assisted with determining the sample selection for expenditures and adjustments to the Fund to test for allowability.

To determine all individuals' whose payroll is charged to the Fund were allocated properly, we reviewed past and current employees job description, job titles and accounts their payroll was charged to.

To determine if adjustments made to the Fund were allowable, we reviewed transactions and support from the analysis performed in planning.

Methodology (continued)

To support the sample methodology described above to achieve the audit objectives, we discussed, obtained an understanding of, and observed the various software systems utilized by the Section to obtain information. By doing this we deemed the data reliable for purposes of our audit objectives.

We also utilized data from the City's financial accounting system to verify payment for vendor invoices. The financial accounting system is tested by the external auditors as part of the Annual Comprehensive Financial Report. Based on the results of their procedures, no additional data reliance testing was deemed necessary.

Unless specifically stated otherwise, based on our selection methods and testing of transactions and records, we believe that it is reasonable to project our results to the population and ultimately draw our conclusions for testing, findings, and recommendations on those results. Additionally, for proper context we have presented information concerning the value and/or size of the items selected for testing compared to the overall population and the value and/or size of the exceptions found in comparison to the items selected for testing.