June 30, 2009

Honorable Members of the
City Commission
City of Miami
3500 Pan American Drive
Coconut Grove, FL 33133-5504

Re: World Waste Services, Inc.
Audit No.09-010

Pursuant to Section 48 of the City of Miami’s (City) Charter and the Fiscal year 2008/2009 audit plan, we have examined the billing records of World Waste systems, Inc. (WWS). The audit was performed to determine whether WWS complied with applicable Sections of the City Code and the Commercial Solid Waste Franchise Agreement (Agreement) between the City and commercial solid waste hauling companies. Chapter 22 of the City Code and said Agreement regulates the operation of commercial solid waste services in the City.

Additionally, we examined the internal control policies and procedures in the City’s Solid Waste Department to determine whether they were adequate and effective in administering and overseeing the operation of commercial solid waste services in the City.

The audit covered the period October 1, 2007 through September 30, 2008 and selected financial transactions that were processed prior and subsequent to this period.
Sincerely,

Victor Igwe

Victor I. Igwe, CPA, CIA
Independent Auditor General
Office of Independent Auditor General

C: The Honorable Mayor Manuel A. Diaz
   Pedro G. Hernandez, Chief Administrator/City Manager
   Members of the Audit Advisory Committee
   Martha R. Sarozos, President, World Waste Services, Inc.
   Roger Hornitate, Assistant City Manager, Office of the City Manager
   Bill Anido, Assistant City Manager, Office of the City Manager
   Larry M. Spring, Assistant City Manager/Chief Financial Officer
   Peter W. Korinis, Chief Information Officer, Information Technology Department
   Michael J. Boudreaux, Director, Budget Department
   Julie O. Bru, City Attorney, City Attorney’s Office
   Mario A. Soldevilla, Director, Solid Waste Department
   Priscilla A. Thompson, City Clerk, City Clerk’s Office
   Diana M. Gomez, CPA, Director, Finance Department
   Demetrio Constantino, Accounts Receivable Supervisor, Finance Department
   Audit Documentation File
# AUDIT OF WORLD WASTE SERVICES, INC.
# OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008

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INTRODUCTION

On July 25, 2002, and October 14, 2004, the City Commission passed and adopted Ordinance Numbers 12258 and 12599, respectively, amending Chapter 22, Articles I, II, and III of the City Code. A total of 25 firms signed the Commercial Solid Waste Franchise Agreement (Agreement), which authorized them to operate commercial solid waste hauling services in the City of Miami for the period starting November 1, 2004 through September 30, 2009, with a three year renewal option period through September 30, 2012. The option to renew the Agreement for an additional three year period will be at the sole discretion of the City.

Article V of the Agreement titled “Franchise Fees” stipulates that the following fees be assessed and collected.

- Gross Receipts Franchise Fees. In accordance with Article II, Section 2.2 of the Agreement, the term “Gross Receipts” shall mean, “all monies whether paid by cash, check, debit or credit, collected from customers for garbage, solid waste, fuel surcharge, construction and demolition debris, roofing materials, trash, litters, refuse and/or rubbish collection removal and disposal services rendered, or from any other source related directly from waste collection services by the FRANCHISEE, exclusive of taxes as provided by law, whether wholly or partially collected within the CITY, less bad debts.” During the period October 1, 1999 through September 30, 2004, the franchisee was required to remit to the City 20% of the gross receipts generated. Effective October 1, 2004, the rate increased to 22%. A one and one-half percent (1-1/2%) late payment penalty fee would be assessed per month on any balance due.

- Annual Franchise Fee. The sum of $5,000 (increased annually by $500, thus $6,500 was due for the fiscal year 2007-2008) for the right to provide commercial solid waste services and special waste handling services within the City. A one
and one-half percent (1-1/2%) late payment penalty fee would be assessed per month on any balance due.

- Annual Specialized Waste Handling Service Fee. The sum of $1,000 (increased annually by $500, thus $2,500 was due for the fiscal year 2007/2008) for the right to provide “Specialized Waste Handler” services within the City. Ordinance 12258, Section 22-1 defines “Specialized Waste Handlers” as companies whose primary business is limited to collecting and disposing of solid waste that requires special handling and management including, but not limited to, white goods (appliances), waste tires, used oil, lead-acid batteries, construction and demolition debris, ash residue, biomedical and biological waste. A one and one-half percent (1-1/2%) late payment penalty fee is assessed monthly on any balance due.

- Permit Per Account Fee. The franchisee is required to pay $50 for each account contracted within the City for commercial solid waste services and/or specialized waste handling services, including, each container and/or roll-off utilized by franchisee in the course of providing solid waste services. The franchisee may only pass on an amount not to exceed $24 of paid Permit Per Account Fee to each contracted customer. This fee is not transferable. A one and one-half percent (1-1/2%) late payment penalty fee is assessed monthly on any balance due.

During the fiscal year, October 1, 2007 through September 30, 2008 the franchisees remitted a total of $13,334,898 to the City. World Waste Services, Inc. (WWS) is one of the franchisees selected for audit to determine compliance with the provisions of the Franchise Agreement. A separate audit report will be issued for each of the franchisees audited.

The Solid Waste Department (SWD) is responsible for ensuring that commercial solid waste service accounts and applicable fees/transactions are properly assessed and paid to the City. The SWD is also responsible for monitoring the operations of the commercial
solid waste franchisees. This audit report describes whether WWS and the SWD complied with the terms of the Agreement and applicable Sections of the City Code.
SCOPE AND OBJECTIVES

This audit was performed pursuant to the authority set forth in Section 48 of the City’s Charter titled, “Office of the Independent Auditor General”, and was conducted in accordance with the Fiscal Year 2008/2009 Audit Plan. As part of our oversight responsibilities, the Office of the Independent Auditor General performs financial and operational audits to determine the extent of compliance with terms of contracts, programs, and/or lease agreements between the City and private companies. This audit focused primarily on whether World Waste Services (WWS) and the City’s Solid Waste Department (SWD) complied with the terms of the Commercial Solid Waste Franchise Agreement (Agreement) and with Chapter 22 of the City’s Code, which govern the operation of commercial solid waste collection services in the City. The audit also included examinations of various transactions to determine whether they were processed in accordance with the generally accepted accounting principles. The audit covered the period October 1, 2007 through September 30, 2008 and focused on the following broad objectives:

- To ascertain whether all customer accounts located in the City were properly identified, coded, and assessed the appropriate fees.

- To determine whether all the applicable franchise fees as stipulated in Article V of the Agreement were properly computed and remitted to the City.

- To review the annual statement of gross receipts that was prepared by an independent Certified Public Accountant retained by WWS. Additionally, to determine whether said statement was submitted to the SWD within 60 days after the end of the fiscal year.

- To ascertain whether the fees remitted to the City were properly recorded in the City’s accounting system and deposited into the City’s treasury.
• To verify whether the appropriate public liability insurance and bonds were obtained as required by Article VII of the Agreement.

• To examine the internal control policies and procedures of WWS and the City’s Solid Waste Department and determine whether they were adequate and effective in administering and overseeing the operation of commercial solid waste hauling services in the City.

• To follow-up on prior audit findings and determine the status of all unresolved and outstanding issues.
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 and appropriate evidence in order 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. The audit methodology included the following:

- Interviewed and inquired of appropriate personnel; reviewed and observed applicable written policies and procedures in order to gain an understanding of the internal controls; assessed control risk; and planned substantive testing.
- Performed substantive testing consistent with the audit objectives.
- Examined, on a test basis, applicable transactions and records.
- Determined compliance with all the objectives noted on pages 4 and 5.
- Performed other audit procedures as deemed necessary.
- Drew conclusions based on the results of the testing and made corresponding recommendations and obtained the auditee’s responses and corrective action plans.
AUDIT CONCLUSION

Based upon various tests performed and the audit findings noted, we conclude that adequate internal controls were **not** in place to ensure that:

- All customer accounts located in the City were properly identified, coded, and assessed the appropriate fees.
- Annual Franchise Fee, Permit Per Account Fee and 22% Franchise Fee were remitted to the City in a timely manner.
- Service accounts were not improperly classified as exempt accounts.

Based upon various tests performed and the audit findings noted, we conclude that adequate internal controls were in place to ensure that:

- Franchise Fees remitted to the City were properly recorded in the City’s accounting system and deposited in the City’s Treasury.
- Appropriate public liability insurance and Performance Bond were obtained as required by Article VII of the Agreement.
- The SWD obtained vehicle insurance certificate and appropriate amount of surety Bond.

Overall, we conclude that the internal control policies and procedures in place at WWS and at the City’s Solid Waste Department can be enhanced to better safeguard the City’s financial interests and ensure a more effective oversight over the operation of commercial solid waste hauling services in the City.
SUMMARY OF AUDIT FINDINGS

WORLD WASTE SERVICES, INC., THE CITY’S SOLID WASTE, AND FINANCE DEPARTMENTS

COMPLIANCE WITH CERTAIN SECTIONS OF THE CITY CODE AND THE FRANCHISE AGREEMENT

We conducted various audit tests, on a sample basis, to determine compliance with certain requirements of the City Code, the Commercial Solid Waste Franchise Agreement, and other guidelines. Our tests disclosed that World Waste Services, Inc. (WWS), the City’s Solid Waste Department (SWD), and the Finance Department (FD) materially complied with the following:

- The FD properly recorded the sampled payments from WWS to the City. The sampled payments received by the FD were also traced to the City’s treasury.

- WWS complied with the vehicle insurance and Performance Bound requirements as stipulated by Section 22-47 (4a) and (4b) of the City Code.

- The SWD obtained vehicle insurance and Performance Bond records as stipulated by Section 22-47(4) of the City Code.
WORLD WASTE SERVICES, INC.

ADDITIONAL FRANCHISE FEES DUE TO THE CITY

Article V, Section 5.2 of the Agreement titled “Franchise Fees” stipulates certain fees the franchisee is required to remit to the City. Our audit of World Waste Service’s (WWS) accounting and billing records disclosed that $113,964.58 is due to the City from the franchise fee transactions assessed during the audit period. Upon audit inquiry, WWS remitted a total of $50,497.42. A balance of $63,467.16 relating to the following transactions is due and payable to the City:

- The franchise fees relating to customers that WWS indicated that it provided free services (see pages 11 and 12).
- The franchise fees relating to a service account that WWS incorrectly classified as exempt account (see pages 12 through 14).
AUDIT FINDINGS AND RECOMMENDATIONS

WORLD WASTE SERVICES, INC.

ADDITIONAL FEES DUE TO THE CITY

Article V, Section 5.2 of the Commercial Solid Waste Franchise Agreement (Agreement) titled “Franchise Fees” stipulates the various franchise fees (FF) to be remitted to the City. World Waste Services, Inc. (WWS) generated total gross receipts of $4,698,309.14 for services provided within the City during the audit period (fiscal years 2007-2008). The total gross receipts include revenues generated from commercial solid waste and specialized waste handling services. The total FF remitted to the City during the audit period was $1,033,627.73. Our audit of World Waste Service’s (WWS) accounting and billing records disclosed that $113,964.58 is due to the City from the franchise fee transactions assessed during the audit period. Upon audit inquiry, WWS remitted a total of $50,497.42 and a balance of $63,467.16 is due and payable to the City, as itemized below:

UNTIMELY REMITTANCE OF FRANCHISE FEES (22%)

Article V, Section 5.2 of the Commercial Solid Waste Franchise Fee Agreement (Agreement) requires the franchisee to remit monthly to the City 22 percent (22%) of the Gross Receipts generated from accounts within the City limits, or $500 whichever is greater. The remittance of the previous month’s collection should be received by the City on or before the last day of each month. Failure to remit payment by the last day of the following month will result in a one and one-half percent (1-1/2%) penalty per month on the balance due. Our audit disclosed that the monthly franchise fees were not remitted to the City in a timely manner during the audit period. The number of months late ranged from 1 to 4 months. As a result of the untimely remittance, a
late payment penalty totaling $27,005.08 is due to the City. A similar audit finding was noted in prior audits of WWS.

**MISCODED ACCOUNTS**

Our review of WWS’s customer listings for the unincorporated Miami-Dade County (County) and other municipalities for the audit period disclosed that 17 customer accounts located in the City were miscoded to the County and the 22% franchise fees and the permit per account fees relative to said miscoded accounts were not remitted to the City as required. As a result of the miscoding, the un-remitted franchise fees, the permit per account fees, and the applicable late/penalty fees totaling $16,790.46 ($10,805 + $891.65 + $5,045.06 + 48.75) are due to the City.

**FRANCHISE FEES DUE FROM SERVICE ACCOUNTS THAT WWS INDICATED THAT IT PROVIDED FREE SERVICES**

Our audit determined that the 22% franchise fees and the permit per account fees relative to two (2) accounts that WWS provided free garbage collection and disposition services were not remitted to the City as required. We noted that WWS started providing services to said customers (two multi-family apartments) on November 25, 2003 and December 25, 2008, respectively. Upon audit inquiry, the President of WWS stated that she did not generate any gross receipts from the two customers because she made the business decision not to charge the two customers due to high volume of garbage collection and disposition services provided to them.

We agree that WWS reserves the right to provide free garbage collection and disposition services to its customers. However, the revenues generated from the assessment of the 22% franchise fees and the permit per account fees as stipulated in Chapter 22 of the City Code and the Franchise Agreement are used by the City to administer and ensure compliance with the provisions of the commercial solid waste Agreement between the City and the private solid waste hauling companies, including
but not limited to protecting public health, public safety, the environment, and maintaining City roads used by garbage trucks to haul solid waste materials. Therefore, WWS should have sought and obtained City’s consent prior to waiving the related 22% franchise fees of the gross receipt and the permit per account fees.

In response to our audit inquiry, WWS stated that it did not generate any gross receipts from the services provided and therefore do not owe any franchise fees to the City. WWS further indicated that the total gross receipt waived for the services provided is estimated at $50 per month and expressed the willingness to pay franchise fees on that basis. However, using comparable charges for similar services provided by WWS to the same customers, we estimate that the total gross receipts waived for the services provided to one of the customers for the period 11/25/2003 through 06/30/09 is $23,790 ($396.50 x 60 months) and the related estimated 22% franchise fees and the per account annual fees due and payable to the City is $5,533.80 (22% of $23,790 + $300). The estimated total gross receipts waived for the services provided to the other customer for the period 12/25/2008 through 06/30/2009 is $1,152 ($192 x 6 months) and the related estimated 22% franchise fees due and payable to the City is $253.44 (22% of $1,152).

**FRANCHISE FEES DUE FROM A SERVICE ACCOUNT THAT WAS INCORRECTLY CLASSIFIED AS EXEMPT**

Our audit disclosed that the 22% franchise fees and the permit per account fees relative to the service account located at 6991 South West 8th Street for which WWS has provided services since February 11, 2003 were not being remitted to the City as required. Upon audit inquiry, the President of WWS stated that the account in question is a recycling service account and therefore exempt from the assessment of all franchise fees. However, Article 1, Section 22-1 of the City Code defines:

**Recycling** as: “Any process by which solid waste, or materials which would otherwise become solid waste, are collected, separated, or processed and reused or
returned to use in the form of raw materials or products.”

**Source Separated** as: “Recovered materials are separated from solid waste where the recovered materials and solid waste are generated. The term does not require that various types of recovered materials be separated from each other and recognizes de minimis solid waste, in accordance with industry standards and practices may be included in the recovered materials. Materials are not considered source separated when two or more types of recovered materials are deposited in combination with each other in a commercial collection container located where the materials are generated and such materials contain more than ten percent solid waste by volume or weight. For purpose of this subsection, the term ‘various types of recovered materials’ means metals, paper, glass, plastic, textiles, and rubber.”

**The term Construction and demolition debris include:** unpainted, non-treated wood scraps from facilities manufacturing materials used for construction of structure or their components and unpainted; non-treated wood pallets provided the wood scraps and pallets are separated from other solid waste where generated and the generator of such wood scraps or pallets implements a reasonable practices of the generating industry to minimize the commingling of wood scraps or pallets with other solid waste.”

As part of our audit field work, on May 12, 2009 and June 3, 2009, we visited the service account location, interviewed two Managers of the said business entity (Lumber and Building Supply Company), and determined that it manufactures doors and windows at said business location. During our onsite visits we observed that the facility had two large roll-off and one regular garbage containers (See pages 18 through 20). We were informed that the regular container (see page 20), which is used to accumulate materials such as food leftovers from over 40 employees and other non-recyclable waste materials are picked-up by WWS twice a week. The two large roll-off containers (see pages 18 and 19) are used to accumulate pieces of
plastic, woods, wrapping materials, woven poly traps, paper bags, boxes, and solid waste over-flows from the regular garbage container. The two roll-off containers are picked-up by WWS when they are full and upon request from the Lumber and Building Supply Company. The Yard Manager stated that all waste materials are placed in the trash bags and containers and that his business (the Lumber Company) makes no effort to segregate “non-recyclable” and “recyclable” materials. It was clearly evident through visual observations that the regular garbage container was filled with solid waste materials (see page 20). Also, it was clearly evident through visual observation that food leftovers, pieces of plastics, woods, wrapping materials, woven poly tarps, paper bags, and boxes were all commingled and dumped into the two large trash containers (see pages 18 and 19) and also the trash bags that were thrown into the containers. The commingled materials in the trash bags were clearly transparent. As defined under the caption “Source Separated” on pages 12 and 13, “recovered materials” (recyclable) are not separated from solid waste (non-recyclable) at the site where they are generated. We requested and received a copy of the most recent invoice received by the Lumber Company from WWS and noted that the invoice for the month of April 2009 included a landfill fee for $474.98.

A written response (see page 30) and at the audit exit conference meeting held on June 2, 2009, the president and Vice president of WWS maintained that said service account is recycling and therefore exempt from all franchise fees assessments. However, the commingling and transportation of these materials to Big Apple Demolition Removal, Inc. for retrieval/salvage of any potential recyclable items does not constitute a bona fide recycling program that will be exempt from franchise fees assessments in accordance with the provisions of the City Code and the Franchise Agreement. Also, the regular trash container, which is part of this service account, is used solely to accumulate solid waste materials. Therefore, the un-remitted franchise fees, the permit per account fees, and applicable late/penalty fees totaling $57,679.92 ($38,269.55 + $18,952.42 + 350 + 107.95) are due and payable to the City.
FRANCHISE FEES DUE FROM EQUIPMENT MAINTENANCE CHARGES

Our audit also disclosed that the 22% franchise fees and the permit per account fees relative to one (1) customer account for which WWS provided equipment maintenance relative to garbage collection and disposition services during the period July 14, 2005 through December 25, 2005 were not remitted to the City as required. The un-remitted franchise fees, the permit per account fees, and applicable late/penalty fees totaling $449.46 ($226.60 + $141.31 + 50 + 31.55) are due to the City.

ANNUAL FEE

Article V, Section 5.4 of the Agreement stipulates that “FRANCHISEE agrees to remit to the City annually (due October 1) the sum of $5,000 (increased annually by $500, thus $6,500 was due for the fiscal year 2007-2008) for the right to be a FRANCHISEE for Commercial Solid Waste Services and Specialized Waste Handling Services within the City. Failure to remit the required annual franchise fee by the due date will result in a one and one-half percent (1-1/2%) penalty per month on the balance due to the City. However, our audit disclosed that WWS remitted its annual fees for the fiscal year 2007-2008 on 10/17/07. As a result of the late remittance, a total late fee of $97.50 is due to the City.

PERMIT PER ACCOUNT FEES

Article V, Section 5.6 of the Agreement requires the franchisee to remit to the City annually (due October 15) Permit Per Account Fee (PPAF) in the amount of $50 for each account contracted within the City for commercial solid waste handling services, including each container and/or roll-off utilized by franchisee. Failure to remit the required PPAF by the due date will result in the assessment of a late payment penalty
of a one and one-half percent (1-1/2%) per month on the balance due to the City. Our audit disclosed that:

- WWS remitted the PPAF for the fiscal year 2007-2008 to the City on 10/17/2007. As a result of the late remittance, a late penalty fee of $435.60 is due to the City.

- WWS’s records indicated that it serviced a total of 597 accounts within the City during the audit period. Therefore, the total PPAF due to the City will be $29,850 (597 x $50). However, we determined that WWS remitted only $29,040 to the City. As a result, the unremitted PPAF and the applicable late/penalty fees totaling $1,028.70 ($810 + $218.70) are due to the City.

**CPA STATEMENT**

Article V, Section 5.3 of the Agreement stipulates that the franchisee shall, on or before 60 days (November 30th) following the close of each fiscal year (FY), deliver to the Director of the SWD, a statement of its annual gross receipts (Statement) generated from accounts within the City for the preceding fiscal year. Such statement must be prepared by an independent Certified Public Accountant (CPA). Said Statement as certified by an independent CPA indicated that WWS generated a total of $4,708,686 from accounts within the City during the audit period. However, the total gross receipt reported to the City by WWS was $10,376.86 less than the amount certified by the CPA. As a result, the unremitting 22% franchise fees and the applicable late/penalty fees totaling $2,668.62 ($2,282.91 + $385.71) are due to the City.
AUDIT FEE

Article VI, Section 6.2 of the Agreement stipulates that: “If a City Audit reveals that FRANCHISEE under reported gross receipts, and results in additional revenue due to the City in the amount of $20,000.00 (per Fiscal Year) or more, FRANCHISEE agrees to pay for the cost of said Audit.” Our audit for the fiscal year 2007/2008 disclosed that the amount due to the City before including the audit fee is $111,942.58. Therefore, the related audit fee is $2,022.

Recommendation:

We recommend that the Finance Department bill and collect the outstanding franchise fees totaling $63,467.16. The outstanding franchise fees relates to customers for which WWS stated that it provided free services (see pages 11 and 12) and the service account that was incorrectly classified as exempt account (see pages 12 through 14)

Also, we recommend that World Waste Services, Inc. (WWS) enhance its internal control procedures to ensure that all franchise fees including those for which WWS provided free services should be assessed and remitted to the City. WWS should work with its customers to minimize the commingling of recyclable and non-recyclable materials for all its recycling service accounts.

Auditee’s Response and Action Plan:

Upon audit inquiry, the auditee concurred with the audit findings relative to additional franchise fees totaling $50,497.42 and remitted said amount to the City. The auditee disagrees with the audit findings relative to the customers for which WWS stated that it provided free services and the service account that was incorrectly classified as exempt account, as noted above. See written response and attachments on pages 22 through 74.
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<td><strong>Miscoded Accounts</strong></td>
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<td>20% or 22% unpaid Franchise Fee</td>
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<td><strong>Improperly Exempt Account</strong></td>
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<td>Balance Due and Payable to the City</td>
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<td>$ 63,467.16</td>
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June 5, 2009

Ms. Martha R. Sarozza, President
World Waste Services, Inc.
4701 NW 35th Ave.,
Miami, Florida 33142

RE: Audit of World Waste Services, Inc. (WWS) – Audit #09-010

Dear Ms. Sarozza:

In connection with our audit of World Waste Services, Inc. (WWS) for the period October 1, 2007 through September 30, 2008, and selected transactions prior and subsequent to this period, our audit disclosed that additional franchise fees totaling $108,177.34 ($27,005.08 + $2,668.62 + $16,790.46 + $57,679.92 + $449.46 + $97.50 + $435.60 + $1,028.70 + $2,022) is due to the City as summarized below: [WP: T-25]

1. Article V, Section 5.2 of the Commercial Solid Waste Franchise Fee Agreement (Agreement) requires the franchisee to remit monthly to the City 22 percent (22%) of its Gross Receipts generated from account within the City limits, or $500 whichever is greater. [WP: R-6]. The remittance of the previous month’s collection should be received by the City on or before the last day of each month. Failure to remit payment by the last day of the following month will result in a one and one-half percent (1-1/2%) penalty per month on the balance due. Our audit disclosed that:

- The monthly franchise fees were not remitted in a timely manner during the audit period.
  The number of months late ranged from 1 to 4 months. As a result of the untimely
remittance, a late payment penalty totaling $27,005.08 is due to the City. A similar audit finding was noted in the prior year's audit of WWS. [WP: T-30]

☐ I agree; ☐ I disagree. Please initial: M.B.S.

Explanation: As you can see, the WWS records indicate the fee is definitely getting paid with this remittance. No fees are due.

- Our review of WWS's customer listings for the unincorporated Miami-Dade County (County) and other municipalities for the audit period disclosed that 17 customer accounts located in the City were miscoded to the County and the 22% franchise fees and the permit per account fees relative to said miscoded accounts were not remitted to the City as required. As a result, the un-remitted franchise fees, the permit per account fees, and the applicable late penalty fee totaling $16,790.46 ($10,805 + $891.65 + $5,045.06 + $487.75) are due to the City.

☐ I agree; ☐ I disagree. Please initial: M.B.S.

Explanation: Mis-coding in computer, most accounts are due.

- Our audit determined that the 22% franchise fees and the permit per account fees relative to two (2) accounts for which WWS provided garbage collection and disposition services were not remitted to the City as required. We noted that WWS started providing services to said customers (two multi-family apartments) on November 25, 2003 and December 25, 2003. Upon audit inquiry, the President of WWS stated that she did not generate any gross receipts from the two customers because she made the business decision not to charge the two businesses for the garbage collection and disposition services that were
provided. We agree that WWS reserves the right to provide free garbage collection and disposition services to its customers. However, the revenues generated from the assessment of the 22% franchise fees and the permit per account fees as stipulated in Chapter 22 of the City Code and the Franchise Agreement are used by the City to administer and enforce compliance with the provisions of the commercial solid waste Agreement between the City and the private solid waste hauling companies, including but not limited to protecting public health, the environment, and maintaining City roads used by garbage trucks to haul solid waste materials. Therefore, WWS should seek and obtain City’s consent prior to waiving the related 22% franchise fees of the gross receipt not charged and the permit per account fees as stipulated in Chapter 22 of the City Code and the Franchise Agreement. Please provide us with the equivalent reasonable value of the gross receipts not charged and per account fees waived for the two customer accounts.

☐ I agree ☑ I disagree. Please initial: MRS

Explanation: WWS has a right to provide service to customers at no change. These customers are provided free service due to being major of business, however, to WWS customer’s benefit (City’s benefit) and (WWS benefit), this would provide world in detail client usage, this would
other reasons are to be used by the City. The City provides total list of accounts that will pay to keep this client usage, WWS also provides change accounts, other services to City and services) paid services to City and changes. And we are nicely pleased to do so.

Gross receipts are zero on both accounts. I understand agreement to accounts. I understand payment for each account and the deposit fee. I would believe this is fair.
### Officer/Registered Agent Name List

<table>
<thead>
<tr>
<th>Officer/RA Name</th>
<th>Entity Name</th>
<th>Entity Nut</th>
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<tr>
<td>FERREIRA DE MELO, CARLOS</td>
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http://www.sunbiz.org/scripts/coroflis.exe  
6/2/2009
Our audit disclosed that the 22% franchise fees and the permit per account fees relative to one (1) customer located at 6991 South West 8th Street for which WWS was being providing services since February 11, 2003 were not remitted to the City as required. Upon audit inquiry, the President of WWS stated that the account in question is a recycling service account and therefore exempt from the assessment of all franchise fees. However on May 12, 2009 and June 2, 2009, we visited the service account location as part of our audit field work, interviewed two Managers of the said business entity (Lumber and Building Supply Company), and determined that it manufactures doors and windows at said business location. During our onsite visits we observed that the facility had two large roll-off and one regular garbage containers. We were informed that the regular container, which is used to accumulate materials such as food leftovers from over 40 employees and other non-recyclable waste materials are picked-up by WWS twice a week. The two large roll-off containers are used to accumulate pieces of plastic, woods, wrapping materials, woven poly tarps, paper bags, boxes, and solid waste over-flows from the regular container. The two roll-off containers are picked-up by WWS when they are full and upon request from the Lumber and Building Supply Company. The Yard Manager stated that he does not know what WWS does with the waste materials after it is picked-up from its business location. We requested and received a copy of the most recent invoice received by the Lumber Company from WWS and noted that the invoice for the month of April 2009 included a landfill fee for $474.98.

At the audit exit conference meeting held on June 2, 2009, the President and Vice-President of WWS maintained that the service account in question is recycling and therefore exempt from all franchise fees assessments. They provided certain pictures, which they indicated showed that commingled recyclable debris are accumulated in the containers and transported to WWS’s transfer station where they are sorted into different recyclable categories. The pictures also showed the regular container that is used to accumulate materials such as food leftovers and other non-recyclable waste materials, as described above.
Article 1, Section 22-1 of the City Code defines:

**Recycling** as: "Any process by which solid waste, or materials which would otherwise become solid waste, are collected, separated, or processed and reused or returned to use in the form of raw materials or products."

**Source Separated** as: "Recovered materials are separated from solid waste where the recovered materials and solid waste are generated. The term does not require that various types of recovered materials be separated from each other and recognizes de minimis solid waste, in accordance with industry standards and practices, may be included in the recovered materials. Materials are not considered source separated when two or more types of recovered materials are deposited in combination with each other in a commercial collection container located where the materials are generated and such materials contain more than ten percent solid waste by volume or weight. For purpose of this subsection, the term 'various types of recovered materials' means metals, paper, glass, plastic, textiles, and rubber."

The term **Construction and demolition debris include**: unpainted, non-treated wood scraps from facilities manufacturing materials used for construction of structures or their components and unpainted; non-treated wood pallets provided the wood scraps and pallets are separated from other solid waste where generated and the generator of such wood scraps or pallets implements a reasonable practices of the generating industry to minimize the commingling of wood scraps or pallets with other solid waste."
During our on-site visits to the said location as described above, we took pictures of the contents of all three containers. As evidenced on pages 11 through 13, it is clear that garbage bags containing solid waste materials and other non-recyclable debris were commingled with other debris that could potentially be recycled such as pieces of plastic, woods, wrapping materials, woven poly tarps, paper bags, and boxes. The commingling and transportation of these materials to WWS transfer station (non-certified recycling facility) for retrieval/salvage of any potential recyclable items does not constitute a bona fide recycling program that will be subject to exemption of franchise fees assessments in accordance with the provisions of the City Code. Therefore, the un-remitted franchise fees, the permit per account fees, and applicable late/penalty fees totaling $57,679.92 ($38,269.55 + $18,952.42 + $350 + $107.95) are due and payable to the City.

☐ I agree, ☐ I disagree. Please initial: MWS

Explanation: Please see attached detailed explanation and proof of recycling permit.

- Our audit also disclosed that the 22% franchise fees and the permit per account fees relative to one (1) customer account for which WWS provided equipment maintenance relative to garbage collection and disposition services during the period July 14, 2005 through December 25, 2005 were not remitted to the City as required. The un-remitted franchise fees, the permit per account fees, and applicable late/penalty fees totaling $449.46 ($226.60 + $141.31 + $50 + $31.55) are due to the City.

☐ I agree, ☐ I disagree. Please initial: MWS

Explanation: Please see attached detailed explanation.
Everglades Lumber is an exempt account. We are attaching pictures documenting materials in two large roll-off containers classify this account for exemption from franchise fees. The customer has a commercial container for solid waste. You state that roll-off had bags in them, but you did not ask what the bags contained. Please note that customer bags some of his cardboard, paper and very small scraps of wood. You never questioned the customer as to the contents of said “garbage bags”. This was established in our interview with the customer. Industry standards allow for de minimis solid waste. If the customer’s employees were to inadvertently put in “a garbage bag” this would be considered “de minimis” and would fall under said industry standard. Customer is using containers as stated, our pictures are further proof. This was further confirmed with on site route audits and interviews with managers at the site as well as with the owner of Everglades Lumber.

Furthermore, roll-off containers are transported to Big Apple Demolition Removal, Inc., a Certified Florida Recovered Materials Dealer and FDEP/DERM permitted site (please see attached permit information). World Waste Services, Inc. does not have a disposal site. This information was never provided to you at the Exit Conference.

At the Exit Conference, we showed you and we wanted to leave you with the information we had with us, which were the pictures we had of the containers and the materials they contained, also the Big Apple Demolition Removal, Inc. Permit information. You did not want us to leave this information, but told us to return this with our Memorandum of Understanding.

At the Exit Conference, you also stated that the customer showed you the invoice and it stated “landfill fee”. We explained to you how our software system is industry standard. Please note this is how the software company (WAM) set up the billing system for the DISPOSAL PORTION OF THE BILL. It does not indicate where container is disposed of and your interpretation of customer invoice is totally incorrect. Please note that all billing software is different and this came standard with our program. We have put in a request to the software company to change this line item to read “disposal fee” for the future and they are in the process of changing this in our system. (Letter is attached)
NOTICE OF PERMIT ISSUANCE

CERTIFIED MAIL: 7000 1070 005 4644 2011
RETURN RECEIPT REQUESTED

July 10, 2006

In the Matter of an Application for Permit by:

Big Apple Demolition Removal, Inc.

Attn: Roberto Suarez, President

4901 NW 25th Avenue
Miami, FL 33142

Enclosed is the Permit Number 06888-004-80 to operate a 800 cubic yards per day Solid Waste Management Facility (Waste Processing) regulated under Rule 60-701.710, F.A.C., for the processing of Construction and Demolition (C&D) debris.

Any party to this permit has the right to seek judicial review of it under Section 120.68, F.S., by filing a notice of appeal under Rule 9.117, Florida Rules of Appellate Procedure, with the clerk of the Florida Department of Environmental Protection in the Office of General Counsel, Mail Station 35, 3000 Commonwealth Boulevard, Tallahassee, Florida 32309-3000, and by filing a copy of the notice of appeal accompanied by the applicable filing fees with the appropriate district court of appeal. The notice of appeal must be filed within thirty (30) days after this permit is filed with the clerk of the Miami-Dade County Department of Environmental Resource Management.

If you have any questions, please contact Mr. Hardrey Amond, P.E., of this office, telephone number 305-372-5700.

Faxed to Miami-Dade County, Florida this day of July 2006.

Hardrey Amond

William Mayorga, P.E., Chief, Pollution Control Division

Closure

[Signature]
PERMITTER:
Big Apple Demolition Removal, Inc.
4701 NW 35th Avenue
Miami, Florida 33142

ATTENTION: Robert Sastre, President

The Miami-Dade County Department of Environmental Resources Management (DERM), under delegation by the Florida Department of Environmental Protection (hereinafter referred to as the Department), hereby issues this permit under the provisions of Chapter 403, Florida Statutes (F.S.), and Chapters 62-4, and 62-701, Florida Administrative Code (F.A.C.). The above named permittee is hereby authorized to operate the facility shown on the application and approved drawings, plans and other documents on file with the Department and made a part thereof and specifically described as follows:

TO OPERATE/CLOSE: An 800 cubic yards per day Solid Waste Management Facility (Waste Processing) regulated under Rule 62-701.110, F.A.C., for the processing of Construction and Demolition (C&D) debris.

IN ACCORDANCE WITH: An application for permit to operate a C&D debris waste processing facility as noted in Specific Conditions #1.

LOCATED AT: 5610 NW 50 Street, Miami, Miami-Dade County, Florida.

SUBJECT TO: General Conditions 1-15 (attached as pages 1 through 9) and Specific Conditions 1-34 (attached as pages 4 through 9).

GENERAL CONDITIONS:

1. The terms, conditions, requirements, limitations and restrictions set forth in this permit are binding and enforceable pursuant to Sections 403.141, 403.723, or 403.859 through 403.861; F.S. The permittee is placed on notice that the Department will review this permit periodically and may initiate enforcement action for any violation of these conditions.

2. This permit is valid only for the specific processes and operations applied for and included in the approved drawings or exhibits. Any unauthorized deviation from the approved drawings, exhibits, specifications, or conditions of this permit may constitute grounds for revocation and enforcement action by the Department.

3. As provided in subsections 403.867(5) and 403.832(5), F.S., the issuance of this permit does not convey any vested rights or any exclusive privileges. Neither does it authorizes any injury to public or private property or any invasion of personal rights, nor any infringement of federal, state, or local
Big Apple Landfills Removal, Inc.

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laws or regulations. This permit is not a waiver of approval of any other Department permit that may be required for other aspects of the total project which are not addressed in this permit.

4. This permit conveys no title to land or water, does not constitute an acceptance of or acknowledgment of title, and does not constitute an endorsement of the use of submerged lands. Herein provided and the necessary title or leasehold interests have been obtained from the State. Only the Trustees of the Florida Improvement Trust Fund may express State opinion as to this.

5. This permit does not relieve the permittee from liability for harm or injury to human health or welfare, animal, or plant life, or property caused by the construction or operation of the permitted source, or from penalties therefor; nor does it allow the permittee to cause pollution in contravention of Florida Statutes and Department rules, unless specifically authorized by an order from the Department.

6. The permittee shall properly operate and maintain the facility and systems of treatment and control (and related appurtenances) that are installed and used by the permittee to achieve compliance with the conditions of this permit, as required by Department rules. This provision includes the operation of backup or auxiliary facilities or similar systems when necessary to achieve compliance with the conditions of the permit and when required by Department rules.

7. The permittee, by accepting this permit, specifically agrees to allow authorized Department personnel, upon presentation of credentials or other documents as may be required by law and at reasonable times, access to the premises where the permitted activity is located or conducted to:

a. Have access to and copy any records that must be kept under conditions of the permit;

b. Inspect the facility, equipment, practices, or operations regulated or required by this permit;

c. Sample or monitor any substances or parameters at any location reasonable necessary to assure compliance with this permit or Department rules. Reasonable time may depend on the nature of the concern being investigated.

8. If, for any reason, the permittee does not comply with or will be unable to comply with any condition or limitation specified in this permit, the permittee shall immediately provide the Department with the following information:

a. A description of end cause of noncompliance, and

b. The period of noncompliance, including dates and times; or, if not correctable, the anticipated date the noncompliance is expected to continue, and steps being taken to assure elimination, and prevent recurrence of the noncompliance. The permittee shall be responsible for any and all damages, which may result and may be subject to enforcement action by the Department for penalties or for revocation of this permit.

9. In accepting this permit, the permittee understands and agrees that all records, notes, monitoring data and other information relating to the construction or operation of this permitted source which are submitted to the Department may be used by the Department as evidence in any enforcement case involving the permitted source subject to the Florida Statutes or Department rules, except where such use is prohibited by Section 403.111 and 403.73, F.S. Such evidence shall only be used to the extent it is consistent with the Florida Rules of Civil Procedure and appropriate evidentiary rules.

10. The permittee agrees to comply with changes in Department rules and Florida Statutes after a reasonable time for compliance provided, however, this provision does not waive any other rights granted by Florida Statutes or Department rules. A reasonable time for compliance with a new or amended rule or standard shall be determined by the Department after review and comment, if any, as required by the Department rules.

11. This permit is transferable only upon Department approval in accordance with Rule 65A-4.120 and 62-730.300, F.A.C., as applicable. The permittee shall be liable for any non-compliance of the permitted activity until the transfer is approved by the Department.
12. This permit or a copy thereof shall be kept at the work site of the permitted activity.

13. This permit also constitutes:
   a. Determination of Best Available Control Technology (BACT)
   b. Determination of Prevention of Significant Deterioration (PSD)
   c. Certification of compliance with state Water Quality Standards (Section 401, FL, 92-505)
   d. Compliance with New Source Performance Standards

14. This permit shall comply with the following:
   a. Upon request, the permittee shall furnish all records and plans required under Department rules. During enforcement actions, the retention period for all records will be extended automatically unless otherwise stipulated by the Department.
   b. The permittee shall hold at the facility or other location designated by this permit, records of all monitoring information (including all calibrations and maintenance records and all original sample chart recordings for continuous monitoring instrumentation) required by the permit, copies of all reports required by this permit, and records of all data used to complete the application for this permit. These materials shall be retained at least three years from the date of the sample, measurement, report, or application unless otherwise specified by Department rule.
   c. Records of monitoring information shall include:
      1. the date, exact place, and time of sampling or measurement;
      2. the person responsible for performing the sampling or measurement;
      3. the date analysis were performed;
      4. the person responsible for performing the analysis;
      5. the analytical techniques or methods used;
      6. the results of such analyses.

15. When requested by the Department, the permittee shall within a reasonable time furnish any information requested by law, which is needed to determine compliance with the permit. If the permittee becomes aware of relevant facts were not submitted or were incorrect in the permit application or in any report to the Department, such facts or information shall be corrected promptly.
SPECIFIC CONDITIONS:

1) All solid waste shall be received, signed, processed and stored at the facility in strict accordance with the application dated July 18, 2002, and Rejected Additional Information dated November 6, 2003, February 15, 2006 and May 9, 2006, prepared by Ambros, Inc., and signed and sealed by Jamie P. Amato, P.E., on behalf of the permittee, Big Apple Demolition Removal, Inc., and Chapters 62-4, and 62-701, F.A.C.

2) Only C&D debris (as defined in Rule 62-701.200(27), F.A.C.) shall be accepted for processing at the Material Recovery Facility. The total volume of solid waste received at the facility shall not exceed 800 cubic yards per day, and the permittee shall not exceed the volume of any one category of waste as shown in the Closure Cost Estimate. Additionally, solid waste accumulated at the site shall not exceed any one category of waste shown in the closure cost estimate (Specific Condition No. 11).

3) Storage of solid waste shall not result in vector breeding and animal attraction, or discharge of contaminants to ground or groundwater, or cause a public nuisance, or result in violations of the conditions of this permit.

4) All processing of incoming solid waste (except for clean and untreated wood and vegetative matter from land clearing or land development operations) into fluid recyclable products (e.g., aluminum, glass, ferrous and non-ferrous metals, wood, cardboard, concrete, bricks, aggregates, stone and rock, etc.) shall be completed within forty-eight (48) hours of receipt. The permittee may not accept other materials for processing unless an application has been made and approval has been granted by the Department prior to acceptance of the materials.

5) All incoming solid waste shall be tipped, processed, and sorted on the concrete area, approximately 47.5 feet x 15 feet in size, and evaluated through visual inspection by trained operator(s) for any unacceptable solid waste (e.g., furniture, tires, etc.) or prohibited wastes (e.g., garbage, sterilized or painted wood, hazardous wastes, etc.) before being manually sorted to remove recyclable materials, vegetative matter, clean wood, etc. Processed and unprocessed solid waste stockpiled at the reference pile shall not exceed 10 ft. in height. The boundaries of the tipping, sorting area shall be clearly marked with fluorescent paint and visible at all times.

6) Unacceptable and prohibited materials inadvertently accepted shall be temporarily stored in containers to prevent spillage and potential contamination, ground, and/or groundwater contamination. Storage time shall be as follows: forty-eight (48) hours for Class I solid waste, and for hazardous waste materials and thirty (30) days for all others.

7) C&D debris and residuals containing or with Class I or III materials shall be considered Class I or Class III materials, respectively, pursuant to Rule 62-701.200(9), F.A.C. C&D debris and residuals containing or with Class I or III materials shall be considered Class II material. Said materials classified as Class I or Class III materials, shall be disposed of at an approved and permitted facility, within timeframes noted in Specific Conditions No. 4.

8) A licensed hazardous waste handler shall be contracted to import segregated potential hazardous waste. If determined to be hazardous, arrangements shall be made to transport said waste via a licensed hazardous waste transporter to an approved hazardous waste disposal site. Any hazardous waste, which is removed by the facility, shall be managed and disposed of in accordance with the provisions of Chapter 62-701, F.A.C., and the time frames noted in Specific Conditions No. 6.

9) All processing of vegetative matter (except for clean and untreated wood and vegetative matter from land clearing or land development operations) shall be completed and removed within thirty (30) days of receipt. Treated or painted wood shall be containerized and disposed of at an approved and
Big Apple Demolition Removal, Inc.

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permitted facility within thirty (30) days of receipt of such materials. Local disposal of treated and painted wood is limited to a Class I landfill or a listed Class III landfill.

10) Reuse of Recovered Saturated Material (GSM) or cells and liners separated from solid waste during the Material Recovery Facility operations shall require specific DEP permits and shall be in accordance with Department "Guidelines for the Management of Recovered Saturated Material from C&D Debris Recycling Facility in Florida" dated September 28, 1998.

11) At any time, the permittee shall not store in excess of the total allowable storage quantity as noted below and as determined in the licensed Department approved financial assurance cost estimate dated December 9, 2003, and backed by a financial assurance mechanism, for this facility.

<table>
<thead>
<tr>
<th>Clean Wood</th>
<th>500 cubic yards</th>
<th>C&amp;D Debris</th>
<th>320 cubic yards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concrete</td>
<td>80 cubic yards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unacceptable Materials</td>
<td>80 cubic yards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unprocessed C&amp;D Debris</td>
<td>270 cubic yards</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12) The operation plan describing the facility operations and maintenance, emergency and contingency plans, and types of equipment that will be used, shall be kept at the facility at all times, and made available for inspection. Any change in facility operations or equipment shall require the Department's approval in accordance with the requirements of Rule 62-701.330 (4), F.A.C.

13) In the event of damage or failure of any of the site facilities or equipment, the permittee shall notify the Department within twenty-four (24) hours of such an event, explaining the occurrence and remedial measures to be taken and time needed for repairs. A detailed written notification shall be submitted within one (1) week to the Department following the occurrence. The permittee shall adjust operation of the facility as to prevent accumulation of solid waste in excess of the allowable storage amount specified in Specific Condition No. 11, and time frame in Specific Condition No. 6.

14) In the event of an emergency (e.g., fire, explosions, etc.) that may require the implementation of the facility's contingency plan, or should the facility suffer damage or failure to any of the site facilities or equipment, or if the facility is disabled or otherwise unable to operate, the following shall be implemented as applicable:

a) The permittee shall notify the Department within twenty-four (24) hours of such an event, explaining the occurrence and remedial measures to be taken and time needed for repairs. The 24-hour emergency telephone number for the State's Warning System, as designated in Chapter 62-1350, F.A.C., is 850-413-9911. The telephone number for Miami-Dade County's DEP in (805) 373-6796, or a brief description of the incident. A written preliminary report describing the incident should be submitted to the Department within twenty-four (24) hours of the start of the incident. In addition, a final written report shall be sent to the Department within two (2) weeks of the incident. The final report shall contain a complete description of, and discuss the cause of the emergency, and the discharge, if any, will continue, the steps that will be taken to evaluate, reduce, eliminate, and prevent recurrence of the event, and all other information deemed necessary by the Department. In addition, all applicable federal, state, and local discharge notifications shall be adhered to.

b) The permittee shall adjust operation of the facility and implement appropriate procedures (e.g., transfer of existing and incoming solid waste to other permitted solid waste management facilities in Miami-Dade County), to prevent accumulation of solid waste in excess of the allowable storage amounts noted in Specific Condition No. 11.
c) The facility operator or his/her designee shall take appropriate actions to protect the health and safety of the environment, personnel and public by following procedures which will mitigate, lessen or prevent damage to the environment or health and welfare of personnel and the public.

15) Facility operators, managers, testing, and testing for unacceptable and prohibited waste shall not be performed in the absence of the trained operator and operator noted in Specific Condition No. 16. At least one trained operator must be at each of the receiving or processing areas to inspect the incoming solid waste. The Department shall be notified in writing within forty-eight (48) hours of any change in trained operators or operators employed at the facility.

16) The permittee shall ensure that operators and employees employed at this facility are properly trained in accordance with the requirements of Rule 62-701.320(15), F.A.C., to operate the facility, and to identify and properly manage unacceptable and prohibited solid waste, received at the facility. The operators and employees shall submit exams approved by the Department. The personnel permitted to perform the function of a trained operator or operator are as follows:

Steve Saracca (Operator), Benigno Perez, Eldie Saracca, Fred Saracca, Robert Saracca, Salvador Saracca and Jorge Tarcuman (Spotters). In accordance with Rule 62-701.320(15), F.A.C., a trained operator may perform the duties of a trained spotter. The additional training requirement for Steve Saracca shall be completed on or before April 10, 2007, and for Benigno Perez, Eldie Saracca, Fred Saracca, Robert Saracca, Salvador Saracca, Jorge Tarcuman by December 15, 2008.

Ground Water Monitoring Wells

17) The permittee shall maintain access to all of the groundwater monitoring wells required by this permit. The permittee is responsible for maintaining the integrity of the groundwater monitoring wells and protecting them from destruction or vandalism. Should any of these groundwater monitoring wells be damaged or vandalized in any manner or destroyed, the permittee shall notify the Department within forty-eight (48) hours of discovery and the groundwater monitoring well shall be replaced within thirty (30) days of such discovery. The notification shall include pertinent information as to the cause, steps being taken to prevent the recurrence of such problems in the future. All monitoring wells shall have well-maintained concrete pads and be properly sealed and locked. Monitoring wells finished above grade shall be protected by bumpers and metal covers. Monitoring wells finished at or below grade shall have traffic barriers, and plates over entrances.

Groundwater Testing, Compliance Monitoring

18) Pursuant to Rule 62-701.790(4), F.A.C., all groundwater monitoring wells on site shall be sampled and analyzed semi-annually for the parameters listed in Rule 62-701.790 (4) b 1, F.A.C. Groundwater monitoring for the disposal facility shall be in effect for at least five years after closure of the Material Recovery Facility or for the duration required for the disposal facility, whichever is longer.

19) If any groundwater monitoring parameters are detected in the groundwater monitoring wells in concentrations which are significantly above background levels, or which are at levels above the MDEP's water quality standards or criteria specified in Chapter 62-520, F.A.C. evaluation monitoring shall be performed per the requirements of Rule 62-701.510(7), F.A.C. Prevention, mitigation, and corrective actions may be required to be implemented based on the results of evaluation monitoring per the requirements of Rule 62-701.510(7), b, F.A.C.
Quality Assurance and Quality Control Requirements

20) DERMA shall be contacted in writing, three (3) working days in advance of any sampling event. (DERMA facility number is 305-372-0129). DERMA has the option to split any samples deemed necessary with the consultant or laboratory at the facility. The consultant following the samples must perform field sampling work in accordance with the Standard Operating Procedures provided in Chapter 3B-100, F.A.C., as amended. The laboratory analyzing the samples must perform quality field analyses pursuant to the National Environmental Laboratory Accreditation Program (NELAP) certification requirements. If data submitted exhibits a substantial variance from the DERMA split sample analysis, a complete resampling using two independent certified laboratories will be required. All field and laboratory records shall be made available to the Department and be retained for the design period of the facility.

Recordkeeping/Notification Requirements

21) The permittee shall submit the following reports:

a) A Monthly Operating Report (MOR) on the Operating Report form attached to this permit, by the fifteenth (15) day of the succeeding month. Reports shall include the following information based on daily logs:
   i) Types and quantities of unprocessed solid waste received (cubic yards and/or tons).
   ii) Types and quantities of solid waste processed (e.g., recovered materials, ISM, clean wood, C&D debris, etc.) in cubic yards and/or tons.
   iii) Types and quantities of solid waste (processed and unprocessed) disposed of on-site (cubic yards and/or tons) along with disposal location and disposal receipts.
   iv) Quantity of unprocessed solid waste remaining at the facility (cubic yards and/or tons).
   v) Types and quantities of unacceptable and prohibited wastes that are stored at the facility, removed for disposal, along with the name of the disposal facility.

b) An annual report (DEP Form #80-701.000(7)) no later than April 1, for the preceding calendar year.

c) Groundwater monitoring reports shall be submitted in accordance with the most current Department-approved groundwater sampling plan. Semi-annual reports shall be submitted on or before July 31 and January 31. Semi-annual groundwater monitoring reports, which contain groundwater analytical data shall include the original laboratory report, which contains all information required in Chapter 62-465.720, F.A.C., copies of the completed chain of custody records, copies of the completed water sampling log forms, and results from screening tests or routine analyses.

All reports shall be submitted concurrently to the following addresses:

After: Mr. Wilbur Moyers, P.E., Chief
Pollution Control Division
Department of Environmental Resources Management
333 W 2 Avenue, Suite 700
Miami, Florida 33099-2400

And to:
Florida Department of Environmental Protection
Solid Waste Program Administrator
Two Towers Office Building
Financial Assurance Mechanism

22) The permittee shall maintain, in good standing, the financial assurance mechanisms established to demonstrate proof of financial assurance. Support documentation and evidence of inflation adjustment increases shall be submitted within the time frames specified in Rule 62-701.630, F.A.C. All submittals in response to this specific condition shall be sent to:

Florida Department of Environmental Protection
Financial Coordinator - Solid Waste Sector
Twin Towers Office Building
2500 Blair Stone Road, MS 4568
Tallahassee, Florida 32399-2400

Annual Closure Cost Estimates

23) The permittee shall annually adjust the closure cost estimates for inflation using Form 62-701.900(2)(b). Adjustments shall be made in accordance with Rule 62-701.630(a), F.A.C. and 40 CFR Part 264.142(a) and 264.144(a). An owner or operator using a letter of credit, guarantee bond, performance bond, financial trust, corporate guarantee, trust fund or insurance shall submit the adjusted cost estimate between January 1 and March 1. An owner or operator using an escrow account shall submit the adjusted estimate between July 1 and September 1. All submittals in response to this specific condition shall be sent to:

Attn: Mr. Wilbur Mayoga, P.E., Chief
Pollution Control Division
Department of Environmental Resource Management
239 W 2 Avenue, Suite 700
Miami, Florida 33239-2400

With a copy to:

Florida Department of Environmental Protection
Financial Coordinator - Solid Waste Sector
Twin Towers Office Building
2500 Blair Stone Road, MS 4568
Tallahassee, Florida 32399-2400

Closure

24) Upon closure of the facility, the permittee shall be responsible for the removal of all recyclable and non-recyclable materials on a facility approved by the Department for disposal or recycling. Failure to properly remove materials and close the site may result in forfeiture of the financial mechanisms to the Department.

Others

25) The permittee shall submit a certificate of completion on FDSP Form 62-701.900(2) prior to the commencement of facility operations.

Page 8 of 9
Big Apple Demolition Removal, Inc.
Page 9 of 9

26. Access control to the facility shall be maintained during non-working hours of the facility to prevent disposal of unauthorized solid waste.

27. All materials shall be kept out of ponded rain water.

28. Dust resulting from the processing operation is not allowed beyond the property boundary. A dust control system shall be utilized to eliminate dust throughout the storage and working areas.

29. Objectionable odors are not allowed beyond the property boundary. A deodorizing or odor neutralizing agents must be used as required to control objectionable odors.

30. Irrigation is not allowed at the site.

31. The permittee shall sample and analyze the background and compliance waste at least once prior to permit renewal for those parameters listed in Rule 62-701.540(9)(6), F.A.C., including sulfate, selenium, radionuclides. The results of these analyses shall be submitted to the Department prior to expiration of this permit.

32. At least sixty (60) days prior to the expiration of this permit, the permittee shall submit an application to the Department for renewal of this permit in accordance with the requirements of Rule 62-701.100(10), F.A.C.

33. If for any reason, the Permittee does not comply with or is unable to comply with any condition specified herein, the Permittee shall immediately notify the DERBM with the following information: (a) a description of said cause of non-compliance; and (b) the period of non-compliance including exact dates and times; or, if not corrected, the anticipated time the non-compliance is expected to continue, and steps taken to reduce, eliminate, and prevent recurrence of the non-compliance. The Permittee shall be responsible for any and all environmental damages, which may result and may be subject to enforcement action by the DERBM.

34. Unless otherwise notified by the Department, this permit shall comply with all applicable requirements of Chapter 62-701, F.A.C.

Issued the day of July, 2006
Department of ENVIRONMENTAL RESOURCES MANAGEMENT

Willie Mayorga, P.E., Chief
Pollution Control Division
Department of Environmental Resources Management

Attachments:
Certificates of Completion DRP Form 62-701.900(G)
Annual Report DRP Form 62-701.900(T)
UW Monitoring Report DRP Form 62-552.500(G)
16 June 2006

Ms. Martha Saraza
World Waste Services, Inc.

Dear Martha,

I understand that, in order to more accurately reflect the final disposition of all materials, you would like the wording on the bills that our software provides to say "Disposal Fee" rather than the "Landfill Fee" designation that we had previously set up. This wording is for billing purposes only and does not specify which facility it was taken to.

This letter is to inform you that we will implement this change as soon as possible; it should be no later than the end of this week.

Sincerely,

[Signature]

Nathaniel Rhodes
WAM Software, Inc.
II. Article V, Section 5.3 of the Agreement stipulates that the franchisee shall, on or before 60 days (November 30th) following the close of each fiscal year (FY), deliver to the Director of the SWD, a statement of its annual gross receipts (Statement) generated from accounts within the City for the preceding fiscal year. Such statement must be prepared by an independent Certified Public Accountant (CPA). The related Statement as certified by an independent CPA indicated that WWS generated a total of $4,708,686 from accounts within the City during the audit period. However, the total gross receipt reported to the City by WWS was $10,376.86 less than the amount certified by the CPA. As a result, the related unremitted 22% franchise fees and the applicable late penalty fees totaling $2,668.62 ($2,282.94 + $385.71) are due to the [WP:T-13]

☐ I agree, ☐ I disagree. Please initial: [WS]

Explanation: [WS was in the CPA Statement. We do not see the difference in city, but this was stated in the CPA Statement.

III. Article V, Section 5.4 of the Agreement stipulates that "FRANCHISEE agrees to remit to the City annually (due October 1) the sum of $5,000 (increased annually by $500, thus $6,500 was due for the fiscal year 2007-2008) for the right to be a FRANCHISEE for Commercial Solid Waste Services and Specialized Waste Handling Services within the City. Failure to remit the required annual franchise fee by the due date will result in a one and one-half percent (1-1/2%) penalty per month on the balance due to the City. [WP: R-7]. However, our audit disclosed that WWS remitted its annual fees for the fiscal year 2007-2008 on October 17, 2007 (1 month late). As a result of the late remittance, a total late fee of $37.50 is due to the City. [WP: T-8]]

☐ I agree, ☐ I disagree. Please initial: [WS]

Explanation: [WS was late by 1 month.]
WORLD WASTE SERVICES, INC.

SCHEDULE OF MONTHLY GROSS REVENUES, EXCLUDING SALES TAX COLLECTED FROM CUSTOMERS, GENERATED FROM ACCOUNTS WITHIN THE CITY OF MIAMI

YEAR ENDED SEPTEMBER 30, 2008
Golomb, Schwartz & Cove, P.A.
Certified Public Accountants

To the Board of Directors
World Waste Services, Inc.
Miami, Florida

We have audited the accompanying schedule of monthly gross revenues, excluding sales tax collected from customers, generated from accounts within the City of Miami, of World Waste Services, Inc., for the year ended September 30, 2008. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this schedule of monthly gross revenues, excluding sales tax collected from customers, generated from accounts within the City of Miami, based on our audit.

We conducted our audit of the schedule of monthly gross revenues, excluding sales tax collected from customers, generated from accounts within the City of Miami, in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of monthly gross revenues generated from accounts within the City of Miami is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall schedule presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of monthly gross revenues, excluding sales tax collected from customers, generated from accounts within the City of Miami referred to above presents fairly, in all material respects, the monthly gross revenues, excluding sales tax collected from customers, generated from accounts within the City of Miami for World Waste Services, Inc. for the year ended September 30, 2008, in conformity with the Non-exclusive Commercial Solid Waste Agreement between World Waste Services, Inc. and the City of Miami, dated October 1, 2004.

This report is intended solely for the information and use of the board of directors of World Waste Services, Inc. and the City of Miami, and is not intended to be and should not be used by anyone other than these specified parties.

Pembroke Pines, Florida
November 26, 2008
WORLD WASTE SERVICES, INC.

Schedule of Monthly Gross Revenues, Excluding Sales Tax Collected From Customers, Generated From Accounts within the City of Miami

For the Year Ended September 30, 2008

For the period from October 1, 2007 through September 30, 2008, the monthly gross revenues generated from accounts within the City of Miami were as follows:

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>October</td>
<td>$397,932</td>
</tr>
<tr>
<td>November</td>
<td>356,063</td>
</tr>
<tr>
<td>December</td>
<td>389,321</td>
</tr>
<tr>
<td>January</td>
<td>380,767</td>
</tr>
<tr>
<td>February</td>
<td>367,884</td>
</tr>
<tr>
<td>March</td>
<td>394,954</td>
</tr>
<tr>
<td>April</td>
<td>401,126</td>
</tr>
<tr>
<td>May</td>
<td>398,635</td>
</tr>
<tr>
<td>June</td>
<td>392,890</td>
</tr>
<tr>
<td>July</td>
<td>409,984</td>
</tr>
<tr>
<td>August</td>
<td>394,462</td>
</tr>
<tr>
<td>September</td>
<td>424,668</td>
</tr>
</tbody>
</table>

$4,708,686
WORLD WASTE SERVICES, INC.

Footnote to Schedule of Monthly Gross Revenues, Excluding Sales Tax Collected From Customers, Generated From Accounts within the City of Miami

For the Year Ended September 30, 2008

NOTE 1—ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

Nature of Operations

World Waste Services, Inc. is in the waste disposal business in Miami and the general South Florida area. The Company provides collection, transfer, recycling and resource recovery, and disposal services. The Company provides its services to commercial, industrial, municipal and residential customers.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recorded when the services are rendered. Revenue recognized is adjusted at a later date for any amounts deemed uncollectible.
IV. Article V, Section 5.6 of the Agreement requires the franchisee to remit to the City annually (due October 15) Permit Per Account Fee (PPAF) in the amount of $50 for each account contracted within the City for commercial solid waste handling services, including each container and/or roll-off utilized by franchisee. Failure to remit the required PPAF by the due date will result in the assessment of a late payment penalty of one and one-half percent (1.5%) per month on the balance due to the City. [WP: R-7]. Our audit disclosed that:

- WWS remitted its PPAF one (1) month late for the fiscal year 2007-2008. As a result of the late remittance, a late penalty fee of $435.60 is due to the City. [WP: T-89]
- WWS’s records indicated it serviced a total of 597 accounts within the City during the audit period. Therefore, the total PPAF due to the City will be $29,850 (597 x $50). However, we determined that WWS remitted only $29,040 to the City. As a result, the related unremitting PPAF and the applicable late penalty fees totaling $1,028.70 ($810 + $218.70) are due to the City. [WP: T-89]

☑ I agree, ☐ I disagree. Please initial: mcs

Explanation: It was not one month late. It was sent in December and the City states the nice was not due and we do not owe.

VI. Article VI, Section 6.2 of the Agreement stipulates that: "If a City Audit reveals that FRANCHISEE under reported gross receipts, and results in additional revenue due to the City in the amount of $20,000.00 (per Fiscal Year) or more, FRANCHISEE agrees to pay for the cost of said Audit." Our audit for the fiscal year 2007/2008 disclosed that the amount due to the City before including the audit fee is $106,155.33. Therefore, the related audit fee is $2,022. [WP: R-8, R-24] [WP: T-26]
I agree ☐ I disagree ☐

Explanation: I disagree on amount due to the company as far as franchise fees, but since I own additional revenue, I understand I have to pay for audit cost.

Please confirm our understanding by indicating whether you agree or disagree with each of the observations described above by checking the appropriate box and include your initials on the space provided for each observation. Also, sign on the space provided below and return this memorandum to us. In the event that you disagree with any of the items listed above, please provide your explanations and attach all supporting documents/records. Please respond by June 12, 2009.

A summary schedule will be sent to you separately for your reference. If you have any questions, please feel free to contact me at 305-416-2044 or Zewditu Woldegiorgis at 305-416-2042.

Thank you for your attention in this matter.

[Signature]
Martha R. Sorens, President

[Date]
6/24/09

B. We have paid the amount we believe we owed in total: $50,491.42. Thank you.
Sincerely,

Victor Igwe
Independent Auditor General
Office of Independent Auditor General

Cc.        Mario Solelevilla, Director, Solid Waste Department
           Diana Gomez, CPA, Director, Finance Department
           Demetrio Constantino, Accounts Receivable Supervisor, Finance Department
           Roger Hernstadt, Chief of Staff, City Manager’s Office
           Zewditu Woidegiorgis, Staff Auditor, Office of Independent Auditor General
           Steven Margolis, Principal Auditor, Solid Waste Department
           Audit Documentation File