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Audit Report

**AUDIT OF ENVIRONMENTAL COMPLIANCE -
MANAGEMENT OF ENVIRONMENTAL SPILLS
AND SCRAP TIRE DISPOSAL AT CITY
FACILITIES**

(Report No. A18-008)

March 30, 2018

City Auditor

Craig D. Kinton

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Executive Summary

The Office of Environmental Quality's (OEQ) mission is to protect and improve the environment by leading and guiding the City of Dallas' (City) efforts on environmental compliance, pollution prevention, and continual improvement. The OEQ has responsibility for various aspects of the City's Environmental Management System (EMS) (see textbox), such as:

- Monitoring Federal and State of Texas (State) environmental regulations
- Assisting City departments to understand and comply with environmental quality rules
- Providing training to both City employees and residents on pollution prevention methods

Background Summary

The City of Dallas (City) is responsible for ensuring City facilities, residents, and businesses comply with Federal and State of Texas (State) environmental quality rules and regulations in the following areas: (1) air quality; (2) water quality; (3) drinking water; (4) waste management; (5) spill prevention; (6) control and countermeasure; and, (7) chemical safety.

The Office of Environmental Quality (OEQ) administers the City's Environmental Management System (EMS). The EMS is part of the overall management system that includes organizational structure, planning activities, responsibilities, practices, procedures, processes, and resources for developing, implementing, achieving, reviewing, and maintaining the environmental policy. The OEQ director serves as the City-wide Environmental Management Representative and focal point for the City's EMS.

The OEQ is also responsible for conducting environmental audits of 289 City facilities and semi-monthly inspections for 11 City facilities included in the 2006 Consent Decree.

Source: City of Dallas Adopted Budget Summary for Management Services – Environmental Quality and Administrative Directive 3-73 *Environmental Management Program*

City departments, designated by the City Manager to implement EMS, share responsibility for the implementation and management of the EMS. Given the breadth of the City's environmental responsibilities, this audit only focused on: (1) spill prevention, control and counter measures; and, (2) scrap tire disposal at City facilities.

Opportunities to improve monitoring activities and internal controls related to the management of environmental spills and scrap tire disposal were identified for both OEQ and the responsible departments. Specifically:

- OEQ can improve its monitoring activities related to the management of environmental spills and scrap tire disposal at City facilities by:
 - Implementing internal controls to increase assurance that spill incident tracking and reporting processes are accurate, consistent and complete
 - Improving internal controls related to the effectiveness of OEQ's semi-monthly facility inspections

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- City departments can improve management of environmental spills and scrap tire disposal at City facilities by:
 - Strengthening internal controls to ensure Environmental Incident Reports (EIRs) are consistently reviewed and properly reported to OEQ and that preventable, repetitive spills are effectively addressed
 - Consistently performing and documenting daily inspections on the Pollution Prevention Daily Checklists
 - Ensuring the Department of Dallas Water Utilities' (DWU) Southside Wastewater Treatment Plant complies with environmental quality rules¹
 - Consistently complying with environmental quality rules for scrap tire storage and scrap tire disposal manifests

Without improvements in internal controls there is increased risk that the City may not consistently comply with the Texas Commission on Environmental Quality (TCEQ) rules. This could lead to additional oversight and monitoring from the Federal government and State, as well as administrative and civil penalties up to \$25,000 per day per violation (depending on the nature of the violation).

The *Standards for Internal Control in the Federal Government by the Comptroller General of the United States* (Green Book) states management should establish and operate monitoring activities to monitor the internal control system and evaluate the results. Management should remediate identified internal control deficiencies in a timely basis. The Administrative Directive 4-09, *Internal Control* requires each department to establish and document a system of internal control procedures specific to its operations, mission, goals, and objectives in accordance with the Green Book.

We recommend the Director of OEQ and the responsible department directors improve monitoring activities and internal controls related to the City's compliance with Federal, State, and City environmental quality rules and regulations by addressing the recommendations made in this report.

Management's response to this report is included in Appendix III.

¹ After the Office of the City Auditor notified DWU of the noncompliance issues, DWU took immediate corrective actions.

Audit Results

OEQ’s Internal Controls Did Not Ensure Spill Incident Tracking and Reporting Processes Were Accurate, Consistent, and Complete

The Office of Environmental Quality (OEQ) did not have adequate internal controls in place to ensure Environmental Incident Report (EIR) tracking and reporting processes were accurate, consistent, and complete. As a result, the risks are increased that the City of Dallas (City) could: (1) not report spill incidents to the Texas Commission on Environmental Quality (TCEQ), as required; and, (2) face administrative and civil penalties of up to \$25,000 per day per violation, depending upon the nature of the violation, for not properly reporting spill incidents to TCEQ.

A sample of 36 spill incidents of various types, occurring between October 7, 2014 and February 27, 2017, selected from the OEQ Incidents Summary Master Report (OEQ Incidents Summary) showed:

Responsibilities of Environmental Management Representatives
The City of Dallas (City) has 15 departments/offices staffed with Environmental Management Representatives (EMR). The EMRs are responsible for: (1) coordinating with the City’s Office of Environmental Quality (OEQ) on spill clean-up efforts; (2) notifying the OEQ within four hours of spill incidents; and, (3) documenting spill incidents on the Environmental Incident Reports (EIR). The EMRs are required to submit the EIRs to OEQ within 24 hours of notification of a spill incident. The OEQ manually posts the EIRs in the OEQ Incidents Summary Master Report (OEQ Incidents Summary). The OEQ Incidents Summary includes a data field indicating whether the spill incident was reported to the Texas Commission of Environmental Quality.
Source: OEQ, Administrative Directive 2-49, <i>Environmental Management System</i>

- **OEQ’s documentation of spill incidents reported to TCEQ was not accurate**

The OEQ Incidents Summary did not include three of eight spills, or 38 percent of the spills required to be reported to TCEQ² (see footnote below and Table VI in Appendix I for Reportable Quantities for Environmental-Related Spills). Although not included in the OEQ Incidents Summary, according to OEQ, subsequent research showed two of the three spills were actually reported to TCEQ.

² In the State of Texas (State), upon determining that a reportable discharge or spill has occurred, the responsible person must notify the State. The threshold quantity that triggers the requirement to report a spill is called the **reportable quantity**. The reportable quantity depends on the type of substance released and where it is released (e.g. into water versus on land); different kinds of spills are subject to different provisions of Federal and State rules and regulations.

Source: 30 TAC § 327.1 – 327.5, 327.31, 327.32 and TCEQ

- **OEQ's Incidents Summary did not include information needed to efficiently monitor spill incidents reported to TCEQ**

The OEQ Incidents Summary did not include information, such as the date the spill incident was reported to TCEQ and the TCEQ case number, to allow OEQ to efficiently track and monitor spill incidents reported to TCEQ. Sometimes this information is available on the individual EIRs.

- **OEQ's threshold for reporting hydraulic fluid spills to TCEQ was not consistent**

The OEQ reported 17 of 21 hydraulic fluid spills, or 81 percent, to TCEQ that were under the 210-gallons threshold reporting requirement. According to OEQ, hydraulic fluids are not considered used oil (see textbox on page 17); therefore, *30 Texas Administrative Code (TAC) Chapter 327* only requires the City to report hydraulic fluid spills of 210-gallons or more (five barrels) to TCEQ. It is not clear why OEQ reported hydraulic fluid spills when reporting is not required.

The *30 TAC Chapter 327. Spill Prevention and Control* rules specify certain required notifications and actions the City must follow (see page 30). Administrative Directive (AD) 4-09, *Internal Control*, requires each department to establish and document a system of internal control procedures specific to its operations, mission, goals, and objectives.

Recommendation I

We recommend the Director of OEQ develops and implements internal controls to ensure:

- Spill incidents reported to TCEQ are documented accurately in the OEQ Incidents Summary
- OEQ uses consistent thresholds for reporting hydraulic fluid spills
- OEQ Incidents Summary includes information, such as the date the spill incident was reported and the associated TCEQ case number so OEQ can efficiently track and monitor spill incidents reported to TCEQ

Please see Appendix III for management's response to the recommendations.

City Departments’ Internal Controls Related to Reporting and Addressing Environmental Incidents Were Inadequate

City Departments did not have sufficient internal controls in place to ensure: (1) EIRs were consistently reviewed; (2) EIRs were properly reported to OEQ; and, (3) preventable and repetitive spills were effectively addressed. As a result, the risks are increased that the City could: (1) not report spill incidents to the OEQ, as required; (2) lack the knowledge to understand the cause of spill incidents and the associated trends; and/or, (3) fail to implement the corrective actions needed to prevent similar spill incidents in the future.

Specifically:

- **City management has not consistently reviewed the EIRs or documented the review**

As shown in Table I below, the EIRs from the following departments did not include the Assistant Directors’ signatures in the designated space on the form. The absence of the Assistant Directors’ signatures indicates City management has not consistently reviewed the EIRs or documented the review.

Table I

Percent of EIRs without Assistant Director Signatures

Department	Total EIRs for Six Departments	EIRs for 29 Selected Facilities	Number of EIRs Sampled	Assistant Director’s Signature Omitted	Percent Without Signatures
Department of Aviation	88	87	28	28	100
Department of Dallas Fire-Rescue	5	2	2	2	100
Dallas Police Department	1	0	0	0	N/A
Department of Dallas Water Utilities	25	4	4	0	0
Department of Equipment and Building Services	12	11	11	1	9
Department of Sanitation Services	319	56	56	5	9
Total	450	160	101	36	36

Source: EIRs

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According to OEQ, the presence or absence of an Assistant Director's signature on the form is not determinative of whether there was City management review. Without the Assistant Director's signature, however, it is not clear how OEQ and/or the department directors can verify the EIRs were reviewed in order to implement the corrective actions needed to prevent similar spill incidents in the future.

- **City management did not consistently report EIRs to OEQ**

Thirteen EIRs from the Department of Aviation (AVI) and the Department of Equipment and Building Services (EBS) of 160 EIRs³ or eight percent, were not reported to OEQ and included on the OEQ Incidents Summary. As a result, OEQ's Incidents Summary was incomplete and spills required to be reported to TCEQ may have been missed.

- **City management did not have procedures in place to effectively address spill incidents that were preventable and repetitive**

- Ninety-five of 516 total EIRs completed during the audit period, or 18 percent, of the spill incidents were preventable (as identified by management). Eighty-nine of the 95 EIRs, or 94 percent, were caused by human errors, such as City employees and external customers not checking equipment to ensure it was working properly prior to use. Thirty-one of the 89 EIRs, or 35 percent, related to the Department of Sanitation (SAN). The high percentage of EIRs related to human errors indicates procedure changes and staff training is warranted.
- Two hundred and seventy-six of SAN's 319 EIRs, or 87 percent, were related to sanitation trucks and equipment with mechanical issues. Twelve of these sanitation trucks were not removed from service when the spills were first noticed. The SAN continued to dispatch the sanitation trucks (between zero and seven days) afterwards, resulting in repeated spills within a short time period and spill clean-up costs of \$26,078. The high percentage of SAN EIRs related to mechanical issues indicates an in-depth analysis of sanitation truck preventative maintenance and fleet size is warranted.

³ During the audit period, a total of 516 EIRs were prepared by 14 City departments. Four hundred and fifty of these 516 EIRs were prepared by the following six departments: (1) Department of Aviation (AVI); (2) Department of Dallas Fire-Rescue (DFR); (3) Dallas Police Department (DPD); (4) Department of Dallas Water Utilities (DWU); (5) Department of Equipment and Building Services (EBS); and, (6) Department of Sanitation Services (SAN). Based upon a risk assessment, the Office of the City Auditor selected 29 facilities managed by these six departments for on-site visits and testing. The Office of the City Auditor obtained 160 EIRs from these 29 facilities and selected a judgmental sample of 101 EIRs for further testing (See Table I on page 6).

The 30 Texas Administrative Code (TAC) Chapter 327. *Spill Prevention and Control* rules specify certain required notifications and actions the City must follow (see page 30). Administrative Directive (AD) 4-09, *Internal Control*, requires each department to establish and document a system of internal control procedures specific to its operations, mission, goals, and objectives.

Recommendation II

We recommend the Director of AVI, the Chief of DFR, the Director of EBS, and the Director of SAN ensure Assistant Directors sign the EIRs evidencing review before EIRs are submitted to the OEQ.

Recommendation III

We recommend the Director of AVI and the Director of EBS establish required periodic training to ensure staff are properly trained to identify and report spill incidents to OEQ.

Recommendation IV

We recommend the Director of SAN ensures: (1) SAN staff are trained to inspect sanitation trucks prior to use and to report mechanical issues; (2) sanitation trucks are properly maintained and not dispatched when mechanical issues exist; and, (3) an in-depth analysis of sanitation truck preventative maintenance and fleet size is conducted.

Please see Appendix III for management's response to the recommendations.

OEQ's Semi-Monthly Facility Inspections Were Not Effective

The OEQ's semi-monthly facility inspections were not effective. As a result, there is an increased risk that the City will not properly identify and mitigate environmental risks and notify TCEQ when reportable environmental noncompliance incidents occur. Specifically:

- **OEQ's semi-monthly inspections only includes the 11 facilities covered by the 2006 Consent Decree**

Excluded from OEQ's semi-monthly inspections were City facilities that were highly susceptible to significant environmental incidents such as:

- Dallas Love Field Airport - AVI
- Auto Pound - DPD
- Southside Wastewater Treatment Plant Heavy Equipment Shop - DWU
- McCommas Bluff Landfill Heavy Equipment Shop - SAN

Like the 11 facilities covered by the 2006 Consent Decree⁴ (see page 29), these four facilities received daily environmental inspections; however, these inspections were performed by department personnel rather than by someone independent of operations, such as OEQ. Adding OEQ's semi-monthly inspections would provide a more independent monitoring control to help ensure City facilities follow environmental quality rules and regulations. The OEQ would also benefit as more timely and complete information on the status of the City's overall environmental compliance would be available for analysis and corrective action, if necessary. According to OEQ, on a risk-based schedule, OEQ does perform environmental compliance audits of these four facilities every one to two years.

⁴ The 11 Consent Decree facilities are: (1) Southeast Service Center; (2) Northwest Service Center; (3) Northeast Service Center; (4) Central Service Center; (5) Southwest Service Center; (6) Make Ready; (7) Salvage Yard; (8) the Department of Park and Recreation's (PKR) IC Harris Service Center; (9) PKR's Ewing Service Center; (10) PKR's Dallas Zoo; and, (11) DFR's Maintenance Facility. (Note: The Consent Decree required the City to monitor 11 City facilities on an annual basis, including two that are co-located at Hensley Field. Subsequently, the PKR's Ewing Service Center closed.) The OEQ inspects each of the 11 Consent Decree facilities 24 times per year (e.g., semi-monthly).

- **OEQ did not monitor the OEQ Environmental Specialists to ensure the quality of the semi-monthly inspections**

The OEQ Environmental Checklists, used by the OEQ Environmental Specialists to document inspection results, did not include facility management signatures for six consecutive months (March 2015 through August 2015) for both the Central and Northwest Service Centers. All twelve inspections conducted during those six months were photocopied with the same inspection time and content for each service center. The Checklist dates for the inspections, however, were different. None of the checklists had a signature or initials from the facility staff.

- **OEQ did not monitor to ensure environmental noncompliance incidents identified during semi-monthly inspections were corrected timely**

Seven of eight, or 88 percent, of the Consent Decree facilities the Office of the City Auditor analyzed, had repeat environmental noncompliance incidents. In one instance, the OEQ Environmental Specialist noted the same environmental noncompliance incidents were present for three consecutive inspections.

When performing the semi-monthly facility inspections, the OEQ Environmental Specialists did not bring a copy of the most recent OEQ Environmental Checklist and associated pictures (Inspection Report). In addition, the OEQ Environmental Checklist, used by the OEQ Environmental Specialists to document the inspections, did not include past environmental noncompliance incidents. Consequently, the OEQ Environmental Specialists did not have the information at the time of each inspection to verify past environmental noncompliance incidents were corrected.

- **OEQ did not monitor OEQ Environmental Specialists to ensure environmental noncompliance incidents noted during semi-monthly inspections were consistently communicated to each facility's manager and staff**

A judgmental sample of eight months of OEQ Inspection Reports for eight City facilities⁵, including two that are co-located at Hensley Field Make Ready and the Salvage Yard, showed:

- Three Environmental Specialists did not obtain facility management signatures at three service centers for one, three, and four months, respectively

⁵ Eight of 11 Consent Decree facilities were selected for testing based upon an Office of the City Auditor risk assessment.

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According to OEQ, during the audit period OEQ’s procedure for these inspections did not require OEQ Environmental Specialists to obtain the facility manager’s signature on the checklist. The OEQ Environmental Checklist, however, includes an “Acknowledged by” line which indicates the OEQ Environmental Specialists performing the inspections are to obtain each facility manager’s signature. Without the facility manager’s signature, it is not clear how OEQ can monitor the OEQ Environmental Specialists’ activities or determine facility management is aware of the environmental incidents noted by the OEQ Environmental Specialists.

- The OEQ Environmental Specialists did not consistently send each facility’s management a completed OEQ Inspection Report. When the facility managers do not receive copies of these OEQ Inspection Reports, they are less likely to correct the environmental noncompliance incidents.

Table II below shows eight City facilities did not receive OEQ Inspection Reports for 41 of 56 months, or 73 percent of the months analyzed. Three of the eight facilities did not receive any OEQ Inspection Reports.

Table II

Number of Months OEQ Inspection Reports Not Received by Management of Eight City Facilities

Facility	2014		2015		2016		2017		Total Months	Results Not Received	
	October	November	July	August	May	June	February	March		Number of Months	Percent
DFR Maintenance Facility	N*	N	Y	Y	Y	Y	Y	Y	8	2	25
Hensley Field**	Y*	Y	N	N	N	N	Y	Y	8	4	50
Central Service Center (SC)	N	N	N	N	N	N	N	N	8	8	100
Northeast SC	N	N	N	N	N	N	Y	Y	8	6	75
Northwest SC	N	N	N	N	N	N	N	N	8	8	100
Southeast SC	Y	Y	Y	N	N	N	N	N	8	5	63
Southwest SC	N	N	N	N	N	N	N	N	8	8	100
Total Months / Percentage									56	41	73

Source: Completed OEQ Inspection Reports received by facility management

Notes (*): N = No and Y= Yes

():** The SCs include operations managed by multiple departments, such as EBS, DWU, PKR, and SAN. Make Ready and the Salvage Yard are co-located in Hensley Field so one OEQ checklist includes the results from both facilities.

According to the facilities' staff, the OEQ Environmental Specialists did not consistently point out environmental noncompliance incidents noted during OEQ's facility inspections. Consequently, opportunities for OEQ to provide guidance and education were missed as the facilities' staff: (1) were not made aware of the environmental noncompliance incidents; (2) were not asked if they understood why the conditions that existed were considered environmental noncompliance incidents; or, (3) told what specific actions were needed to correct these conditions.

- **OEQ Environmental Specialists were inconsistent in identifying environmental incidents**

For the eight months between Fiscal Year (FY) 2014 and FY 2017 selected for testing, the number of environmental noncompliance incidents identified by each OEQ Environmental Specialist varied significantly for the same facility (see Table III on page 13). These varied results indicate the inspection criteria may not be consistent among the OEQ Environmental Specialists. For example, the Southeast Service Center had an average of:

- Thirteen environmental noncompliance incidents per month (October and November of 2014 and July and August of 2015)
- Three environmental noncompliance incidents per month (May and June of 2016)
- Twenty environmental noncompliance incidents per month (February and March of 2017)

According to OEQ, variability of inspection findings is not determinative of inspection consistency. The OEQ's control at the time of the audit was to rotate the inspectors every two years or so, such that each inspector eventually gets familiar with all the Consent Decree facilities, and each facility received the benefit of a fresh pair of eyes from a new inspector every two years or so.

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Table III below shows the results of a judgmental sample of eight months of inspection reports for eight City facilities that includes the number of environmental noncompliance incidents for each facility and how many were repeated (see number shown in parenthesis).

Table III

Number of Environmental Noncompliance Incidents and (Number Repeated)

Facility	2014		2015		2016		2017	
	October	November	July	August	May	June	February	March
DFR's Maintenance Facility	0	0	0	0	2	0	10	6(1)
Hensley Field** (a), (b)	1	0	2	2	0	0	1(1)	1
Central SC	0	0	0	0	2	1	1	3
Northeast SC	2	2(1)	4(1)	6(3)	1	0	3	0
Northwest SC	2(1)	2(2)	2(1)	2(1)	8	7(5)	15(3)	11(3)
Southeast SC	13(4)	13(2)	9(2)	18(7)	0	6	22(9)	17(5)
Southwest SC	2	3(1)	6(2)	11(3)	4	4(4)	18(4)	15(6)

Source: OEQ Checklists

** The SCs include operations managed by multiple departments, such as EBS, DWU, PKR, and SAN.

Note (a) Make Ready and Salvage Yard are co-located in Hensley Field so one OEQ checklist includes the results from both facilities.

Note (b) The sample months did not include the semi-monthly inspection in January 2017; however, the February 2017 Checklist for Make Ready, the OEQ inspector noted a hydraulic hose leak was present for three inspections.

Principle 12, *Implement Control Activities*, of the *Standards for Internal Control for the Federal Government by the Comptroller General of the United States* (the Green Book) identified established policies and procedures as a control activity needed to manage risk. Specifically:

- Documents in policies for each unit its responsibilities for an operational process's objectives and related risks, and control activity design, implementation, and operating effectiveness [12.03]
- Define[s] policies through day-to-day procedures, depending on the rate of change in the operating environment and complexity of the operational process [12.04]
- Communicates to personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities [12.04]

- Reviews policies, procedures, and related control activities periodically for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks [12.05]

Recommendation V

We recommend the Director of OEQ improves the effectiveness of semi-monthly inspections by:

- Assessing risk on an annual basis to identify City operated facilities that are susceptible to significant environmental incidents and performing semi-monthly inspections of those facilities
- Monitoring the quality of the semi-monthly inspections
- Monitoring the results of the semi-monthly inspections to ensure past environmental noncompliance incidents are corrected timely
- Monitoring OEQ Environmental Specialists activities to ensure environmental noncompliance incidents noted during semi-monthly inspections are consistently communicated to each facility's manager and staff
- Ensuring OEQ Environmental Specialists consistently email or otherwise provide the OEQ Inspection Report to the facility manager within three days of the inspection
- Monitoring OEQ Environmental Specialists' OEQ Inspection Reports for consistency in identifying all environmental noncompliance incidents

Please see Appendix III for management's response to the recommendation.

Daily Inspections Were Not Consistently Performed and Properly Documented

Certain City facilities’ staff do not consistently perform daily inspections and document the results on the Pollution Prevention Daily Checklists, as required. When the daily inspections are not consistently performed and documented, the City may not properly identify and mitigate environmental risks and notify TCEQ when reportable environmental incidents occur, thus subjecting the City to potential financial penalties.

The results of a judgmental sample of eight months of daily inspections performed by each facility shows (see Table IV below):

- DWU’s Southside Wastewater Treatment Plant and EBS’ Hensley Field – Make Ready performed all daily inspections
- DFR’s Maintenance Facility, EBS’ Southwest Service Center, and SAN’s McCommas Bluff Landfill missed five percent or more of the required daily inspections

Table IV

Number of Days Daily Inspections Were Not Performed for Each Facility

Facility	Number of Days Inspections Required	Number of Days Inspections Not Performed	Percent of Inspections Missed
AVI’s Love Field Airport	174*	3	2
DFR’s Maintenance Facility	243	16	7
DPD’s Auto Pound	243	6	2
DWU’s Wastewater Treatment	243	0	0
Hensley Field - Make Ready**	243	0	0
Hensley Field - Salvage Yard	243	4	2
Central Service Center	243	1	0
Northeast Service Center	243	5	2
Northwest Service Center	243	9	4
Southeast Service Center	243	2	1
Southwest Service Center	243	13	5
SAN’s McCommas Bluff Landfill	243	12	5
Total	2,847	71	2

Source: Pollution Prevention Daily Checklists retained by each facility

(*) AVI inspections are conducted five days a week.

(**) The SCs include operations managed by multiple departments, such as EBS, DWU, PKR, and SAN. Make Ready and the Salvage Yard are co-located in Hensley Field so one OEQ checklist includes the results from both facilities.

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According to AD 4-09, each department is required to establish and document a system of internal control procedures specific to its operations, mission, goals, and objectives. The *AD 2-51 Records Management 5.1.1*, states department directors should ensure that all departmental business transactions are documented adequately with accurate records.

Recommendation VI

We recommend the Directors of AVI, DFR, DPD, EBS, and SAN ensure responsible personnel perform the daily inspections and document the results in the Pollution Prevention Daily Checklists.

Please see Appendix III for management's response to the recommendations.

DWU's Southside Wastewater Treatment Plant's Heavy Equipment Shop Did Not Comply with Environmental Quality Rules

The DWU's Southside Wastewater Treatment Plant's Heavy Equipment Shop did not comply with State and City environmental quality rules and regulations. In addition, DWU environmental inspections did not identify the environmental noncompliance incidents noted. As a result, there was increased risks that the City would not properly identify, mitigate, and notify TCEQ when reportable environmental incidents occur, thus subjecting the City to potential financial penalties.

On January 12, 2017 and April 28, 2017, Office of the City Auditor's staff observations of the DWU's Southside Wastewater Treatment Plant's Heavy Equipment Shop showed the following environmental noncompliance incidents (see photographs A – H on pages 18, 19, and 20 for details):

- Spills not cleaned-up
- A missing drain plug on a used oil container (see textbox)
- No label indicating "Used Oil" on two used oil containers (Note: picture not included for one used oil container)
- Approximately 30 scrap tires improperly stored
- Water covered in green algae in the shovel of a front-end loader
- Absence of a readily available supply of spill materials for cleaning spills that occur
- Tall grass, concrete blocks, and salvage parts were laying haphazardly around the field area

Environmental Protection Agency's Definition of Used Oil

EPA's regulatory definition - Used oil is any oil that has been refined from crude oil or any synthetic oil that has been used and as a result of such use is contaminated by physical or chemical impurities.... During normal use, impurities such as dirt, metal scrapings, water, or chemicals can get mixed in with the oil, so that in time the oil no longer performs well.EPA's used oil management standards include a three-pronged approach to determine if a substance meets the definition of used oil.... a substance must meet each of the following three criteria: (1) **Origin** - Used oil must have been refined from crude oil or made from synthetic materials....; (2) **Use** - Oils used as lubricants, hydraulic fluids, heat transfer fluids, buoyants, and for other similar purposes are considered used oil; and, (3) **Contaminants** -.... used oil must become contaminated as a result of being used. This aspect of EPA's definition includes residues and contaminants generated from handling, storing, and processing used oil. Physical contaminants could include metal shavings, sawdust, or dirt. Chemical contaminants could include solvents, halogens, or saltwater.

Source: Environmental Protection Agency (EPA)

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None of the environmental noncompliance incidents observed by the Office of the City Auditor's staff were noted on the February and March 2017 Pollution Prevention Daily Checklists (two of the months judgmentally selected for testing) indicating DWU management and staff were not properly trained to identify environmental noncompliance incidents. After the Office of the City Auditor notified DWU of the noncompliance issues, DWU took immediate corrective actions.

Used Oil Containers



Photograph A



Photograph B

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Scrap Tires



Photograph C



Photograph D

Scrap tires were exposed to rain and the accumulation of any substance that might attract flies, rodents, or other insects or pests.

Flatbed Truck and Front-end Loader



Photograph E



Photograph F

Open Field



Photograph G



Photograph H

Tall grass, concrete blocks, and salvage parts were laying haphazardly in an open field surrounding the DWU's Southside Wastewater Treatment Plant's Heavy Equipment Shop.

Source: Office of the City Auditor

The 30 TAC § 327.5 Spill Prevention and Control specify rules for spill cleanups that must be followed by the City. In addition, *AD 3-73 Environmental Management Program* section 5.3.5 states managers and supervisors have responsibility for preventing environmental violations caused by poor housekeeping or poor work habits and practices.

Per *City Code Chapter 19 Section 34.1. ACCUMULATION OF TIRES subparagraph (b) Roofed structure required*, every person owning, managing, operating, leasing, or renting any premises where one or more new, used, or old tires are stored or allowed to accumulate shall keep the tires under a roofed structure on the premises that is:

1. Of sufficient capacity to contain the tires and keep them from being exposed to rain, irrigation, or any other source of water;
2. Kept clean and free from the accumulation of any material or substance that might attract flies, rodents, or other insects or pests; and
3. Kept locked or otherwise secured to prevent the tires from being removed from the structure without the express authorization of the person owning, managing, operating, leasing, or renting the premises.

Recommendation VII

We recommend the Director of DWU ensures the DWU's Southside Wastewater Treatment Plant's Heavy Equipment Shop:

- Timely corrects all environmental noncompliance incidents observed by the Office of the City Auditor staff
- Properly trains management and staff on all aspects of environmental compliance related to spills, scrap tires, and general housekeeping
- Trains staff performing the daily inspections to properly complete the Pollution Prevention Daily Checklist and trains the DWU supervisors responsible for reviewing the results
- Stores scrap tires in compliance with City Code Chapter 19 Section 34.1

Please see Appendix III for management's response to the recommendation.

Scrap Tire Manifest System Did Not Consistently Comply with Environmental Quality Rules

The DFR, EBS, and SAN did not have procedures in place to ensure the scrap tire manifest system complied with environmental quality rules as stated in *30 TAC § 328.58 Manifest System* (see textbox). As a result, there was an increased risk that the City could be subject to administrative and civil penalties of up to \$25,000 per day per violation. Specifically:

- Manifest forms were not properly completed
- Department staff were not fully aware of the *30 TAC § 328.58 Manifest System* requirements
- State recordkeeping requirements were not consistently followed

Manifest System

(a) Generators shall obtain from the transporter collecting tires from their place of business and maintain a record of each individual load of used or scrap tires or tire pieces hauled off from their business location. The record shall be in the form of a five-part manifest or other similar documentation approved by the executive director. The generator shall indicate the destination of all used or scrap tires or tire pieces removed from the business location. A representative of the generator shall sign the manifest acknowledging that the information on the manifest is true and correct.

(b)The transporter shall record the number and type of scrap tires removed from the generator and delivered and the location of any whole used or scrap tires removed from the load and delivered. Transporters shall maintain a manifest record of each individual collection and delivery. The transporter shall sign the manifest acknowledging that the information on the manifest form is true.

d) A generator shall obtain the completed manifest within 60 days after the scrap tires or tire pieces were transported off-site by the transporter....

(e) The generator shall notify the appropriate commission regional office of any transporter or authorized scrap tire facility that fails to complete the manifest, alters the generator portion of the manifest, or fails to return the manifest within three months after the off-site transportation of the used or scrap tires or tire pieces.

Source: *30 TAC § 328.58 Manifest System*

As shown in Table V on page 23, from October 30, 2014 through April 6, 2017, the DFR, EBS, and SAN did not ensure the manifest form supplied by Liberty Tire Recycling (Liberty), was properly completed.

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Table V

Completion Rates for Key Fields Within Scrap Tire Manifests

Key Fields	DFR Maintenance Facility		EBS Hensley Field		SAN McCommas		Combined	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Date	12	100	35	100	49	100	96	100
Trailer Pulled Number	N/A	N/A	33	94	42	86	75	78
Driver Signature	9	75	33	94	45	92	87	91
Customer Signature	11	92	17	49	25	51	53	55
Processor Signature	5	42	6	17	6	12	17	18
Total Tons	4	33	0	0	0	0	4	4

Source: Completed scrap tire manifests October 30, 2014 through April 6, 2017
 N/A = Not Applicable

In addition, DFR, EBS, and SAN did not have a process to ensure department staff were fully aware of the *30 TAC § 328.58 Manifest System* requirements. When Liberty changed to an electronic manifest system around August 2015, the department staff were not aware that the:

- Tire transporter must obtain TCEQ approval to use a manifest other than the TCEQ five-part manifest form (see textbox on page 22)
- City as a scrap tire generator was responsible for obtaining a completed manifest within 60 days of Liberty transporting scrap tires off-site to demonstrate compliance with *30 TAC § 328.58 Manifest System*

In December 2017, after the Office of the City Auditor questioned whether the use of the one-page manifest complied with State requirements⁶, OEQ provided a letter dated September 4, 2009 from TCEQ that approved Liberty’s use of an electronic manifest system. Subsequently, the Office of the City Auditor confirmed both with TCEQ and Liberty that the September 4, 2009 letter was still valid. It is not clear why Liberty continued to use the TCEQ approved five-part manifest form for approximately six years after they received approval from TCEQ to use an electronic manifest system.

These departments generally did not obtain the completed manifest copy required to be provided by the transporter – Liberty, within 60 days of transporting scrap tires off-site. When Liberty switched to the electronic manifest system, it became the City’s responsibility to access Liberty’s website to obtain the completed

⁶ City Council Resolution 17-1395 approved a change in scrap tire disposal vendors to All American Tire Recyclers (All American). The contract with All American was effective September 14, 2017. The Office of the City Auditor confirmed that All American is currently using the State required five-part manifest form.

manifest. However, EBS had difficulty obtaining the completed manifest from the website and SAN and DFR had never used the website.

The 30 TAC § 328.58 Manifest System is the authoritative source for all manifest system requirements.

Recommendation VIII

We recommend the Chief of DFR and the Directors of EBS and SAN ensure all *30 TAC § 328.58 Manifest System* requirements are followed by:

- Completing all fields on the manifest form properly
- Training department staff responsible for processing scrap tire disposals on *30 TAC § 328.58 Manifest System* requirements
- Ensuring State recordkeeping requirements are consistently followed, including verifying completed manifest forms are obtained within 60 days of transporting the tires off-site

Please see Appendix III for management's response to the recommendation.

Scrap Tire Storage Did Not Always Comply with Environmental Quality Rules

The SAN did not have procedures in place to ensure the scrap tire transporter invoices for the McCommas Bluff Landfill (the Landfill) were received and paid timely. As a result, the SAN could not effectively manage scrap tire pick-ups needed to ensure compliance with environmental quality rules for scrap tire storage. Noncompliance with environmental quality rules could subject the City to administrative and civil penalties of up to \$25,000 per day per violation.

On January 12, 2017, the Landfill had more than 500 scrap tires on the ground and over 2,000 tires stored in trailers, which does not comply with 30 TAC § 328.51 – 328.71 *Management of Used or Scrap Tires* for scrap tire storage (see photographs below).

Scrap Tires



Photograph I

Excess of 2,000 scrap tires stored in trailer



Photograph J

Excess of 500 scrap tires stored on the ground

Source: Office of the City Auditor

The SAN employees indicated Liberty had put the Landfill scrap tire pick-ups on hold until the City paid outstanding invoices. The accounts payable transaction history for Liberty showed the City did not pay Liberty's August and September 2016 invoices until January 2017. According to SAN management, these invoices were not received until December 2016. After Liberty was paid, scrap tire pick-ups were resumed, and an April 28, 2017 on-site observation by the Office of City Auditor's staff confirmed the Landfill complied with environmental quality rules.

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Per 30 TAC § 328.51 – 328.71 *Management of Used or Scrap Tires* requires that no more than 500 scrap tires can be stored on the ground and under roof, and no more than 2,000 tires stored in trailers at a scrap tire generator site.

Recommendation IX

We recommend the Director of SAN ensures scrap tire transporter invoices are received and paid timely to help prevent noncompliance with environmental quality rules related to scrap tire storage.

Please see Appendix III for management’s response to the recommendation.

Appendix I

Background, Objective, Scope and Methodology

Background

The City of Dallas (City) is responsible for ensuring City facilities, residents, and businesses are complying with Federal and State of Texas (State) environmental quality rules and regulations in the following areas:

- Air quality
- Water quality
- Drinking water
- Waste management
- Spill prevention
- Control and countermeasure
- Chemical safety

Office of Environmental Quality

The Office of Environmental Quality (OEQ) was established by the City Manager's Office to increase environmental awareness among City staff and eliminate or minimize environmental noncompliance incidents caused by City staff. One of OEQ's primary responsibilities is to report City spills to the Federal and State authorities in a timely manner. The Texas Commission on Environmental Quality (TCEQ) is the State agency that has delegated authority from the United States Environmental Protection Agency (EPA) to regulate stormwater discharges into the water of the United States within Texas. The TCEQ determines the reportable spills that meet the threshold quantity that triggers the *30 Texas Administrative Code (TAC) § 327.5 Spill Prevention and Control* rule to report a spill. See Table VI on page 30 for Reportable Quantities for Environmental-Related Spills.

Every City department that generates, transports, or disposes of waste, emits contaminants to the air, or discharges pollutants into the water has the potential for significant environmental impact. For City departments to comply with Federal and State rules and regulations and avoid regulatory penalties, the OEQ does the following:

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

- Administers the EMS where departments identify their compliance obligations and their environmental impacts; and develop procedures to comply with their compliance obligations and reduce their environmental impact; and train employees on these procedures
- Conducts monitoring/inspections of City facilities to ensure that pollution control measures were performed
- Generates routine compliance reports for authorities
- Provides training to both City employees and citizens on pollution prevention methods
- Reports City spills to the Director of Public Works or designee, State and Federal authorities in a timely manner
- Provides expert spill cleanup advice to City departments
- Reviews departmental spill response activities Standard Operating Guidelines
- Tracks all spills reported by City departments
- Chairs the Environmental Compliance Committee to address preventable spills

The two primary OEQ units that carry out the above activities are:

- (1) *Environmental Quality* (EQ) – manages the Environmental Management System for the City's EPA Consent Decree mandated third party certified International Organization for Standardization (ISO) 14001. The EQ conducts audits at City facilities to comply with environmental quality rules and regulations. The EQ also provides and coordinates training and outreach programs, responds to and investigates City non-hazardous spills, and assists City departments/offices with TCEQ petroleum storage tank compliance.
- (2) *Air Quality* – provides four air monitoring networks across the City that measure air contaminants designated by the EPA, TCEQ, and the Department of Homeland Security, to have the potential to be injurious to or to adversely affect human health and the environment, compares the air quality to national standards with the ultimate goal of attaining and maintaining clean air, and provides regulatory investigations and inspections of industry and businesses with the potential to emit air pollutants, including citizen complaints.

Environmental Audits and Inspections

To ensure City facilities comply with environmental quality rules and regulations, the City conducts the following audits and inspections:

- a. *OEQ Compliance Audits* - are performed by the OEQ Environmental Auditors based on a risk rating set by OEQ, 289 City facilities are categorized as type A, B, C, and D facilities. The facilities rated type A are considered higher risk and receive more frequent audits. For example, the following ten⁷ facilities are rated type A facilities because the Consent Decree requires they receive an annual compliance audit: (1) Southeast Service Center; (2) Northwest Service Center; (3) Northeast Service Center; (4) Central Service Center; (5) Southwest Service Center; (6) Make Ready; (7) Salvage Yard; (8) the Department of Park and Recreation's (PKR) IC Harris Service Center; (9) PKR's Dallas Zoo; and, (10) the Department of Fire Rescue's Dolphin Road Maintenance. Other type A facilities that are not part of the Consent Decree receive audits every, one to two years. Type B through D facilities receive audits every three to five years. The results of these compliance audits are documented in the OEQ Compliance Audit Checklists.
- b. *OEQ Semi-Monthly Facility Inspections* - are performed by the OEQ Environmental Specialists. OEQ has three Environmental Specialists who conduct the semi-monthly environmental inspections for ten Consent Decree facilities. Between September 2015 and early 2017, the inspections were temporarily reduced to once a month due to the turnover of OEQ Environmental Specialists. The results of the OEQ semi-monthly inspections are documented in the OEQ Environmental Checklists.
- c. *Facility Self-Inspections* - are performed by the departments/offices on-site facility environmental staff. All facilities are required to conduct the daily self-inspections. The results of these daily inspections are documented in the Pollution Prevention Daily Checklists.

⁷ The Consent Decree included 11 City facilities, including two that are co-located at Hensley Field. Subsequently, the PKR's Ewing Service Center was closed.

Texas Commission on Environmental Quality Reportable Spill Rules

The TCEQ’s reportable spill rules [are as follows](#):

Spills: Reportable Quantities

The Reportable Quantity depends on the substance released and where it is released. In the State, upon determining that a reportable discharge or spill has occurred, the responsible person must notify the State. The threshold quantity that triggers the requirement to report a spill is called the **reportable quantity** (see Table VI below). The reportable quantity depends on the type of substance released and where it is released (e.g. into water versus on land); different kinds of spills are subject to different provisions of Federal and State rules and regulations.

Table VI

Reportable Quantities for Environmental-Related Spills

What Kind of Spill?	Where Discharged?	Reportable Quantity?	Rule, Statute, or Responsible Agency?
Petroleum product, used oil	Onto land, from an exempt PST facility	210 gallons (five barrels)	30 TAC 327
	Onto land, or onto land from a non-exempt PST facility	25 gallons	
	Directly into water	Enough to create a sheen	
From petroleum storage tanks, underground or aboveground	Into water	Enough to create a sheen	30 TAC 334
	Onto land	25 gallons or equal to the RQ under 40 Code of Federal Regulations (CFR) 302	30 TAC 327
Crude oil, oil that is neither a petroleum product nor used oil	Onto land	210 gallons (five barrels)	30 TAC 327
	Directly into water	Enough to create a sheen	
Hazardous substance	Onto land	“Final RQ” in Table 302.4 in 40 CFR 302.4[4]	30 TAC 327
	Into water	“Final RQ” or 100 pounds, whichever is less	
Other substances that may be useful or valuable and are not ordinarily considered to be waste, but will cause pollution if discharged into water in the State	Into water	100 pounds	30 TAC 327
Industrial solid waste or other substances	Into water	100 pounds	30 TAC 327

Source: 30 TAC § 327.1 – 327.5, 327.31, 327.32 and TCEQ

2006 Consent Decree

On August 28, 2006, the City of Dallas entered a Consent Decree (Consent Decree) with the Plaintiffs United States of America, on behalf of the United States Environmental Protection Agency and the State, on behalf of the TCEQ related to the Plaintiffs' filed complaint that the City violated the Federal Water Pollution Control Act, also known as the Clean Water Act. The Consent Decree was designed to enhance the City's environmental stewardship and compliance with the Clean Water Act and other rules and regulations. A copy of the Consent Decree is available on the EPA's website at: <https://www.epa.gov/sites/production/files/documents/dallas-cd.pdf>.

The following summarizes key sections of the Consent Decree:

- *Civil Penalty* – The City paid a \$800,000 civil penalty
- *Compliance Requirements* – set minimum staffing and inspection levels for various functions performed by the Stormwater Management Section of the Department of Trinity Watershed Management, the establishment of an environmental management system based on ISO 14001:2004 standards covering the 11 City facilities included in the Consent Decree
- *Supplemental Environmental Projects (SEP)* – required the construction of the Pavaho Stormwater Wetland SEP and the Zoo Stormwater Wetland SEP at a minimum cost of \$675,000 and \$525,000, respectively
- *Reporting Requirements and Approvals of Submittals* - required reporting any environmental noncompliance incidents of the Consent Decree and semi-annual reports stating the City's compliance with requirements and discussing the City's progress with the supplemental environmental projects and establishment of the environmental management system
- *Stipulated Penalties* – stated the monetary penalties for various violations of the obligations under the Consent Decree
- *Information Collection and Retention* – provided the plaintiffs the right to monitor the progress of activities, verify any data submitted, obtain samples and documentary evidence, and assess the City's compliance with the Consent Decree

Objective, Scope and Methodology

This audit was conducted under the authority of the City Charter, Chapter IX, Section 3 and in accordance with the Fiscal Year (FY) 2016 Audit Plan approved by the City Council. The audit objective was to determine whether the City complies with EPA regulations which may include the Clean Water Act, and/or other Federal/State environmental requirements regarding the handling/disposing of hazardous waste.

Given the breadth of the City's environmental compliance responsibilities, the audit did not include all aspects of the EMS. The audit only focused on the City's management of spill prevention, control and countermeasures, and scrap tire disposal at City facilities. The audit scope included City operations from October 2014 through March 2017; however, certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period.

This performance audit was conducted 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

To achieve the audit objective, the Office of the City Auditor performed the following procedures:

- Conducted on-site inspections of 29 City facilities (see Table VII on page 34)
- Observed each OEQ Environmental Specialist, as they performed one semi-monthly facility inspection
- Interviewed staff from OEQ and departments on procedures followed in managing spill response and used/scrap tires
- Reviewed TAC rules and City regulations related to spill prevention, control and countermeasure, and scrap tire management
- Reviewed 2014 – 2016 annual TCEQ Enforcement Reports
- Reviewed 2014 – 2016 OEQ Compliance Audit Checklists

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

- Sampled and reviewed:
 - Environmental Incident Reports
 - OEQ Facility Inspection Checklists
 - Pollution Prevention Daily Checklists
- Obtained, reviewed, and tested, as appropriate, the documents that evidence OEQ oversight/monitoring of City's spill prevention, control and countermeasure
- Obtained and reviewed the City's and all Liberty Tire Recycling's (Liberty) current TCEQ scrap tire registrations
- Reviewed TCEQ's website for all noncompliance and complaints brought against the City and Liberty related to scrap tire management
- Reviewed all completed scrap tire manifests during the audit period
- Reviewed the scrap tire drop-off log at each of the City's three Sanitation Transfer Centers
- Analyzed the scrap tire regulations for resident scrap tires drop-off for a judgmental selection of cities in the Dallas/Fort Worth Metroplex
- Reviewed the accounts payable transaction history for the Department of Sanitation during the audit period for Liberty

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Table VII

**City Facilities Included in the Office of the City Auditor’s Staff
On-site Inspections**

Number	Department	City Facility	Address
1	AVI	Dallas Love Field Airport	8008 Herb Kelleher Way, Dallas, Texas
2	DFR	Fleet Maintenance Facility	5000 Dolphin Road, Dallas, Texas
3	DFR	Fire Station 1	1901 Irving Boulevard, Dallas, Texas
4	DFR	Fire Station 3	500 N. Malcolm X Boulevard, Dallas Texas
5	DFR	Fire Station 11	3828 Cedar Springs Road, Dallas, Texas
6	DFR	Fire Station 19	5600 East Grand Avenue, Dallas, Texas
7	DFR	Fire Station 21	3210 Love Field Drive, Dallas, Texas
8	DFR	Fire Station 24	2426 Elsie Faye Heggins Street, Dallas, Texas
9	DFR	Fire Station 25	2112 56th Street, Dallas, Texas
10	DFR	Fire Station 34	1234 Carbona Drive, Dallas, Texas
11	DFR	Fire Station 39	2850 Ruidosa, Dallas, Texas
12	DFR	Fire Station 40	2440 Kirnwood Drive, Dallas, Texas
13	DFR	Fire Station 41	5920 Royal Lane, Dallas, Texas
14	DFR	Fire Station 43	2844 Lombardy Lane, Dallas, Texas
15	DFR	Fire Station 49	4901 South Hampton Road, Dallas, Texas
16	DFR	Fire Station 52	2504 Cockrell Hill Road, Dallas, Texas
17	DFR	Fire Station 54	6238 Bonnieview Road, Dallas, Texas
18	DPD	Auto Pound	1955 Vilbig Road, Dallas, Texas
19	DWU	Heavy Equipment Maintenance	10011 Log Cabin Road, Dallas, Texas
20	Multiple**	Central Service Center	3111 Dawson Street, Dallas, Texas
21	Multiple	NE Service Center	8935 Adlora Lane, Dallas, Texas
22	Multiple	NW Service Center	9809 Harry Hines Boulevard, Dallas, Texas
23	Multiple	SE Service Center	2761 Carlton Garrett Street, Dallas, Texas
24	Multiple	SW Service Center	2411 Valleria Drive, Dallas, Texas
25	Multiple	Hensley Field*	501 E. Leatherneck Place, Grand Prairie, Texas
26	SAN	McCommas Bluff Landfill	5100 Youngblood Road, Dallas, Texas
27	SAN	Northwest (Bachman) Transfer Station	9500 Harry Hines Boulevard, Dallas, Texas
28	SAN	Northwest (Fair Oaks) Transfer Station	7677 Fair Oaks Avenue, Dallas, Texas
29	SAN	Southwest (Oak Cliff) Transfer Station	4610 S. Westmoreland Road, Dallas, Texas

* The Make Ready and Salvage Yard are co-located at Hensley Field.

** The SCs include operations managed by multiple departments, such as EBS, DWU, PKR, and SAN. Make Ready and the Salvage Yard are co-located in Hensley Field so one OEQ checklist includes the results from both facilities.

Appendix II

Major Contributors to the Report

Rory Galter, CPA – Auditor

Lee Chiang, CIA – Project Manager

Carol A. Smith, CPA, CIA, CFE, CFF – First Assistant City Auditor

Theresa Hampden, CPA – Quality Control Manager

Management's Response

Memorandum

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MAR 16 2018

City Auditor's Office



CITY OF DALLAS

DATE: March 16, 2018

TO: Craig D. Kinton, City Auditor

SUBJECT: Response to Audit Report:
Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Our responses to the audit report recommendations are as follows:

Recommendation I

We recommend the Director of OEQ develops and implements internal controls to ensure:

- Spill incidents reported to TCEQ are documented accurately in the OEQ Incidents Summary
- OEQ uses consistent thresholds for reporting hydraulic fluid spills
- OEQ Incidents Summary includes information, such as the date the spill incident was reported and the associated TCEQ case number so OEQ can efficiently track and monitor spill incidents reported to TCEQ

Management Response / Corrective Action Plan

Agree Disagree

OEQ will revise OEQ's current internal spill response procedure, OEQ-PRO-012.

- The revisions will ensure spills reported to TCEQ are recorded onto OEQ's Incidents Summary spreadsheet including data such as the date the spill was reported to TCEQ and the associated case number.
- In addition, the revisions to OEQ procedure OEQ-PRO-012 and the City of Dallas spill response Administrative Directive, AD 3-74, will ensure OEQ personnel use consistent thresholds for reporting hydraulic fluid spills to TCEQ.

Implementation Date

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

May 31, 2018: Implementation of the revised OEQ spill response procedure OEQ-PRO-012 and implementing it.

At this time, OEQ is revising AD3-74 per the comments OEQ received from City departments and expects that this AD will be finalized and issued in 2018.

Responsible Manager
William Madison, EMS & Compliance Manager

Recommendation V

We recommend the Director of OEQ improves the effectiveness of semi-monthly inspections by:

- Assessing risk on an annual basis to identify City operated facilities that are susceptible to significant environmental incidents and performing semi-monthly inspections of those facilities
- Monitoring the quality of the semi-monthly inspections
- Monitoring the results of the semi-monthly inspections to ensure past environmental noncompliance incidents are corrected timely
- Monitoring OEQ Environmental Specialists activities to ensure environmental noncompliance incidents noted during semi-monthly inspections are consistently communicated to each facility's manager and staff
- Ensuring OEQ Environmental Specialists consistently email or otherwise provide the OEQ Inspection Report to the facility manager within three days of the inspection
- Monitoring OEQ Environmental Specialists' OEQ Inspection Reports for consistency in identifying all environmental noncompliance incidents

Management Response / Corrective Action Plan

Agree Disagree

- The City's facilities with the highest risk of being susceptible to significant environmental incidents are assessed every 1 to 2 years by OEQ through conducting internal compliance audits at these facilities.

However, OEQ will assess the risk of the facilities listed on OEQ's Compliance Audit Tracking Table and create a facility environmental inspection plan for the fiscal year. This plan will include facilities with the highest risk of being susceptible to significant environmental incidents that OEQ will inspect (on a semi-monthly basis or otherwise as appropriate and consistent with risk assessment) using OEQ's Environmental Checklist.

Annually, by October 31, OEQ will review this plan and OEQ's Compliance Audit Tracking Table and assess the risk of the facilities listed on the plan and the table to create the plan for the upcoming fiscal year.

- OEQ Environmental Specialists have been communicating environmental noncompliances at facilities they inspect to the department staff designated to oversee the environmental inspections by OEQ, and to the department

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Environmental Management Representative (EMR) (per the EMS, the EMR is the point person for correcting environmental issues for the department).

However, OEQ will revise OEQ's internal environmental inspection procedure, OEQ-PRO-005, to ensure the following:

- o Monitoring is conducted to ensure issues needing to be addressed noted during the OEQ environmental inspections are consistently communicated to each facility's designated management representative and the department's EMR.
- o Ensuring OEQ Environmental Specialists consistently email or otherwise provide the OEQ Inspection Report to each facility's designated management representative and the department's EMR within three days of the completion of the inspection at each of the 10 Consent Decree facilities and other facilities in OEQ's facility environmental inspection plan.
- o Monitoring of the quality of the environmental inspections is conducted.
- o Monitoring of the results of the environmental inspections is conducted to ensure past issues needing to be addressed are corrected timely.
- o Monitoring of OEQ Environmental Specialists' OEQ Inspection Reports is conducted to ensure consistency in identifying all issues needing to be addressed.

Implementation Date

May 31, 2018: Implementation of the revised OEQ internal environmental inspection procedure, OEQ-PRO-005.

OEQ will continue to assess every 1 to 2 years the City's facilities with the highest risk of being susceptible to significant environmental incidents by conducting internal compliance audits at these facilities.

June 30, 2018: Implementation of OEQ's FY17/18 facility environmental inspection plan.

Annually, by October 31, OEQ will review this plan and OEQ's Compliance Audit Tracking Table and assess the risk of the facilities listed on the plan and the table to create the plan for the upcoming fiscal year.

Responsible Manager

William Madison, EMS & Compliance Manager

Sincerely,



James McGuire, Managing Director
Office of Environmental Quality



Mejed Al-Ghafry, P.E.
Assistant City Manager

"Our Product is Service"
Empathy | Ethics | Excellence | Equity

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Memorandum

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MAR 16 2018

City Auditor's
Office



CITY OF DALLAS

DATE: March 16, 2018
TO: Craig D. Kinton, City Auditor
SUBJECT: Response to Audit Report:
Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Our responses to the audit report recommendations are as follows:

Recommendation II

We recommend the Director of AVI, the Chief of DFR, the Director of EBS, and the Director of SAN ensure Assistant Directors sign the EIRs evidencing review before EIRs are submitted to the OEQ.

Management Response / Corrective Action Plan

Agree Disagree

1. The AVI's Assistant Director had started the EIRs since November 2017.
2. Submitted comments to OEQ, as the owner of the EIR Form under AD-3-73, to add a signature line for the person who responded to the spill and filled the form.

Implementation Date

AVI's Assistant Director started signing the EIR on 11/28/2017

Responsible Manager

Sana Drissi, Environmental Manager

Recommendation III

We recommend the Director of AVI and the Director of EBS establish required periodic training to ensure staff are properly trained to identify and report spill incidents to OEQ.

Management Response / Corrective Action Plan

Agree Disagree

Spill response training is currently being conducted on a regular basis since 2015, when the new Environmental Manager came on board. Reporting requirements to OEQ is included in the current training. No additional corrective actions will be needed at this time.

Implementation Date

Since new Environmental Manager came on board in January 2015

Responsible Manager

Sana Drissi- Environmental Manager

Recommendation VI

We recommend the Directors of AVI, DFR, DPD, EBS, and SAN ensure responsible personnel perform the daily inspections and document the results in the Pollution Prevention Daily Checklists.

Management Response / Corrective Action Plan

Agree Disagree

Inspections are currently being done by various AVI divisions' staff. The percent missed of the judgmental sample for AVI was 2% (3 out of 174 days).

Currently, completing the "Daily Pollution Prevention (P2) Checklist" on a daily basis is not a State nor a City requirement for Non-Consent Decree Departments such as Aviation. However, we believe that conducting the Daily P2 Checklist is beneficial for pollution prevention purposes. Therefore, we recommend the Daily P2 Checklist requirement is clearly stated and incorporated into a relevant Administrative Directive (AD 3-73, or AD3-74).

Implementation Date

Already being done on a daily basis

Responsible Manager

Sana Drissi, Environmental Manager

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Recommendation VIII

We recommend the Chief of DFR and the Directors of EBS and SAN ensure all 30 TAC § 328.58 Manifest System requirements are followed by:

- Completing all fields on the manifest form properly
- Training department staff responsible for processing scrap tire disposals on 30 TAC § 328.58 Manifest System requirements
- Ensuring State recordkeeping requirements are consistently followed, including verifying completed manifest forms are obtained within 60 days of transporting the tires off-site

Management Response / Corrective Action Plan

Agree Disagree

<Insert your response / corrective action plan here.>

Implementation Date

<Insert your implementation date here.>

Responsible Manager

<Insert responsible manager here.>

Sincerely,

Chief David Coatney
Dallas Fire Rescue



Mark Duebner, Director
Department of Aviation

Chief U. Renee Hall
Dallas Police Department

Kelly High, Director
Department of Sanitation Services

Errick Thompson, P.E., Director
Department of Equipment and Building
Services

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Jon Fortune
Assistant City Manager

Jo M. (Jody) Puckett, P.E.
Interim Assistant City Manager

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Office



Memorandum

DATE: March 16, 2018

TO: Craig D. Kinton, City Auditor

SUBJECT: Response to Audit Report:
Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Our responses to the audit report recommendations are as follows:

Recommendation II

We recommend the Director of AVI, the Chief of DFR, the Director of EBS, and the Director of SAN ensure Assistant Directors sign the EIRs evidencing review before EIRs are submitted to the OEQ.

Management Response / Corrective Action Plan

Agree Disagree

DFR Chief or designee will now review, verify evidence and sign EIR before DFR's departmental EMR submits to OEQ.

Implementation Date

September 7, 2018

Responsible Manager

Patrick Juricek, EMR

Recommendation III

We recommend the Director of AVI and the Director of EBS establish required periodic training to ensure staff are properly trained to identify and report spill incidents to OEQ.

Management Response / Corrective Action Plan

Agree Disagree

<Insert your response / corrective action plan here.>

Implementation Date

<Insert your implementation date here.>

Responsible Manager

<Insert responsible manager here.>

Recommendation VI

We recommend the Directors of AVI, DFR, DPD, EBS, and SAN ensure responsible personnel perform the daily inspections and document the results in the Pollution Prevention Daily Checklists.

Management Response / Corrective Action Plan

Agree Disagree

DFRs Chief will issue a department directive stating members shall perform the Pollution Prevention Daily checklist, including corrective actions and generator run times on scheduled days of operations, as required. Officers/Managers shall be accountable for the performance of this activity and shall confirm missing days and data thru daily/monthly signatures.

Implementation Date

September 27, 2018

Responsible Manager

Asst. Chief Dominique Artis
Patrick Juricek

Recommendation VIII

We recommend the Chief of DFR and the Directors of EBS and SAN ensure all 30 TAC § 328.58 Manifest System requirements are followed by:

- Completing all fields on the manifest form properly
- Training department staff responsible for processing scrap tire disposals on 30 TAC § 328.58 Manifest System requirements
- Ensuring State recordkeeping requirements are consistently followed, including verifying completed manifest forms are obtained within 60 days of transporting the tires off-site

Management Response / Corrective Action Plan

Agree Disagree

DFR shall draft, implement, a procedure for manifesting scrap tire disposals, with training. Members signing and reconciling waste manifest shall be DOT trained; manifest will be monitored for compliance within 45 days of shipment.

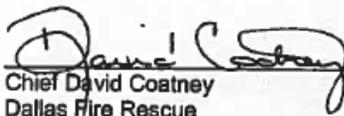
Implementation Date

October 17, 2018

Responsible Manager

Patrick Juricek, EMR
Guillermo Casas, Warehouse Manager

Sincerely,



Chief David Coatney
Dallas Fire Rescue

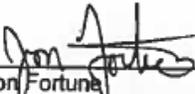
Mark Duebner, Director
Department of Aviation

Chief U. Renee Hall
Dallas Police Department

Kelly High, Director
Department of Sanitation Services

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Errick Thompson, P.E., Director
Department of Equipment and Building
Services



Jon Fortune
Assistant City Manager

Jo M. (Jody) Puckett, P.E.
Interim Assistant City Manager

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

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MAR 12 2018

City Auditor's
Office



CITY OF DALLAS

Memorandum

DATE: March 12, 2018
TO: Craig D. Kinton, City Auditor
SUBJECT: Response to Audit Report:
Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Our responses to the audit report recommendations are as follows:

Recommendation VI

We recommend the Directors of AVI, DFR, DPD, EBS, and SAN ensure responsible personnel perform the daily inspections and document the results in the Pollution Prevention Daily Checklists.

Management Response / Corrective Action Plan

Agree Disagree

1. The Dallas Police Department is highly proactive in ensuring that the environmental personnel at all locations are fully trained and in compliance with their Pollution Prevention Checklist and its responsibilities. As such, the Environmental Site Representative (ESR) at each facility will complete the required daily site inspections. The inspection results will be logged daily in the sites Pollution Prevention Checklist (P2). DPD's Environmental Management Systems team will review and train the ESRs as necessary to ensure the ESRs have the training and tools required to complete this task.
2. To assist in early detection of failure to fulfil this duty, DPD believes that the City of Dallas should invest in an electronic platform to:
 - a. Enter and track daily entries.
 - b. The system should have the capacity to flag days where the P2 is either not submitted or missing information,

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

A system such as this would offer the ability to address any issues immediately, re-train ESRs as necessary and allow the data to be more readily accessible by the Chain-of-Command.

Implementation Date
03/12/18

Responsible Manager
Heeral Champion

Sincerely,



U. RENEE HALL

Chief of Police
Dallas Police Department

Memorandum

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MAR 27 2018

City Auditor's
Office



CITY OF DALLAS

DATE: March 16, 2018
TO: Craig D. Kinton, City Auditor
SUBJECT: Response to Audit Report:
Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Our responses to the audit report recommendations are as follows:

Recommendation VII

We recommend the Director of DWU ensures the DWU's Southside Wastewater Treatment Plant's Heavy Equipment Shop:

- Timely corrects all environmental noncompliance incidents observed by the Office of the City Auditor staff
- Properly trains management and staff on all aspects of environmental compliance related to spills, scrap tires, and general housekeeping
- Trains staff performing the daily inspections to properly complete the Pollution Prevention Daily Checklist and trains the DWU supervisors responsible for reviewing the results
- Stores scrap tires in compliance with City Code Chapter 19 Section 34.1

Management Response / Corrective Action Plan

Agree Disagree

--Ensure timely correction of all environmental noncompliance incidents observed by the City Auditor's Office

Response: The Dallas Water Utilities staff members began correcting all noted discrepancies upon becoming aware of the City Auditor's Office findings at the Southside Wastewater Treatment Plant's Heavy Equipment Shop. All the following items were corrected on or before December 1, 2017:

- Spills not cleaned-up
 - The spills have been cleaned up properly (photos were provided).
- A missing drain plug on a used oil container
 - The missing plug was replaced (photo was provided).
- No label indicating "Used Oil" on two used oil containers

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Page 1 of 3

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

- All used oil containers have been properly labeled (photo was provided).
- Approximately 30 scrap tires improperly stored
 - The scrap tires were properly disposed (photo and manifest were provided).
- Absence of a readily available supply of spill materials for cleaning spills that occur
 - At the time of the inspection, Southside Management did have spill kits located on the plant property, however, a spill kit has been stationed at the Heavy Equipment Shop (photos were provided).
- Tall grass, concrete blocks and salvage parts were laying haphazardly around the field area
 - The grass has been cut, the concrete blocks and salvage parts have been removed or neatly stored inside containers storage (photos were provided).

--Properly train management and staff on all aspects of environmental compliance related to spills, scrap tires and general housekeeping

Response: Plant Management obtained training material (from the OEQ) to train pertinent staff and management on all aspects of environmental compliance related to spills, scrap tires and general housekeeping; please note the attached training material. Excerpts from the three (3) attached training packages will be consolidation to establish one (1) package to cover all areas of concern. Some related training activities have already been completed (associated with Spill Prevention Control and Countermeasures); all recommended training efforts are expected to be completed on or before February 16, 2018. Note: Only the cover pages of the training material is attached, however, the entire package can be provided upon City Auditor's Office request.

--Train staff performing the daily inspections to properly complete the Pollution Prevention Daily Checklist and train the DWU supervisors responsible for reviewing the results

Response: Training material has been obtained to train staff performing the daily inspections to properly complete the Pollution Prevention Daily Checklist and train the pertinent DWU supervisors responsible for reviewing the results. All City Auditor's Office training recommendations are expected to be completed on or before February 16, 2018; excerpts from the three (3) attached training packages will be consolidation to establish one (1) package to cover all areas of concern. Note: The cover pages of the training material was provided with the entire package to be provided upon City Auditor's Office request.

--Store scrap tires in compliance with City Code Chapter 19 Section 34.1

Response: All of the scrap tires that were observed during the audit have been properly removed. Plant management has designated a container bin that will be used as a temporary storage area for scrap tires. The tires will not be exposed to rain, irrigation or other sources of water. Additionally, they will be kept free of the accumulation of any substance that might attract pest and the container bin will be locked (photo was provided).

Activities to Help Avoid Reoccurrence

To help prevent the reoccurrence of similar environmental discrepancies and to set an inspection program to identify and control risk at the Southside Plant, the plant management will ensure that the daily pollution prevention inspection is completed properly and timely. Also, Plant Management will perform a documented pollution prevention inspection each month of the Heavy Equipment Repair Section. The management inspection will be posted in the plant's work order management system (DataStream) to trigger an alert on the inspection due date.

Implementation Date
April 2, 2018

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Page 2 of 3

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

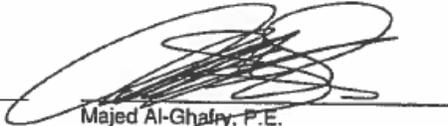
Responsible Manager

Name: Nosa Irenumaagho, P.E., Senior Program Manager
Telephone: (214) 670-0426
Email Address: n.irenumaagho@dallascityhall.com

Sincerely,



Terry Lowery, Interim Director
Department of Dallas Water Utilities



Majed Al-Ghafry, P.E.
Assistant City Manager

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

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Memorandum

MAR 19 2018

City Auditor's
Office



CITY OF DALLAS

DATE: March 19, 2018
TO: Craig D. Kinton, City Auditor
SUBJECT: Response to Audit Report:
Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Our responses to the audit report recommendations are as follows:

Recommendation II

We recommend the Director of AVI, the Chief of DFR, the Director of EBS, and the Director of SAN ensure Assistant Directors sign the EIRs evidencing review before EIRs are submitted to the OEQ.

Management Response / Corrective Action Plan

Agree Disagree

Currently, the generated for EBS EIRs are signed by EBS Assistant Directors. EBS Assistant Directors will now provide signed copies of each EIR to the EBS Director's Office as an additional step in ensuring that all forms are properly reviewed and signed. EBS has not had any spills since the findings of this audit, however, EBS-WKI-071 *Spill Response Process* is being revised to reflect the required EIR submission to the EBS Director office.

Implementation Date

May 2018

Responsible Manager

Reginald Williams, Manager II

Recommendation III

We recommend the Director of AVI and the Director of EBS establish required periodic training to ensure staff are properly trained to identify and report spill incidents to OEQ.

Management Response / Corrective Action Plan

Agree Disagree

EBS Management Systems staff already provides safety and spill response training bi-monthly to all new hires through the EBS New Employee Orientation, and annually as a refresher to staff who work at service centers and fuel islands. EBS-WKI-071 *Spill Response Process* is also available to employees.

Implementation Date

March 2018

Responsible Manager

Reginald Williams, Manager II

Recommendation VI

We recommend the Directors of AVI, DFR, DPD, EBS, and SAN ensure responsible personnel perform the daily inspections and document the results in the Pollution Prevention Daily Checklists.

Management Response / Corrective Action Plan

Agree Disagree

EBS Management Systems staff conducted refresher training on the proper completion of the Pollution Prevention Daily Checklists and their retention at the five EBS fleet service centers in December 2017. Additionally, EBS Management Systems staff conducts monthly site inspections and refreshers to ensure that the checklists are maintained accurately and consistently at service centers. Summary results from monthly site inspections will be provided to executive staff for review and action monthly.

Implementation Date

May 2018

Responsible Manager

Rosa Fleming, Assistant Director
Reginald Williams, Manager II

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Recommendation VIII

We recommend the Chief of DFR and the Directors of EBS and SAN ensure all 30 TAC § 328.58 Manifest System requirements are followed by:

- Completing all fields on the manifest form properly
- Training department staff responsible for processing scrap tire disposals on 30 TAC § 328.58 Manifest System requirements
- Ensuring State recordkeeping requirements are consistently followed, including verifying completed manifest forms are obtained within 60 days of transporting the tires off-site

Management Response / Corrective Action Plan

Agree Disagree

EBS Management Systems staff conducted training at all service centers in December 2017 to ensure that staff are aware of the requirements for the proper completion of scrap tire manifests at their locations. EBS-WKI-161 *Recycle Scrap Tires* is available to staff and provides instructions about the requirements for completing the scrap tire manifest as prescribed in TAC § 328.58 Manifest System. Additionally, EBS Management Systems staff continues to conduct monthly site inspections to ensure that the manifests are being maintained accurately and completed consistently at service centers. Summary results from monthly site inspections will be provided to executive staff for review and action monthly.

Implementation Date

May 2018

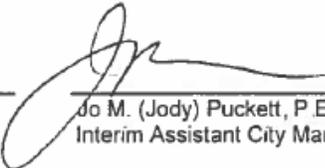
Responsible Manager

Rosa Fleming, Assistant Director
Reginald Williams, Manager II

Sincerely,



Errick Thompson, P.E., Director
Equipment and Building Services
Services



Jo M. (Jody) Puckett, P.E.
Interim Assistant City Manager

Memorandum

RECEIVED

MAR 22 2018

City Auditor's
Office



CITY OF DALLAS

DATE: March 22, 2018
TO: Craig D. Kinton, City Auditor
SUBJECT: Response to Audit Report:
Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Our responses to the audit report recommendations are as follows:

Recommendation II

We recommend the Director of AVI, the Chief of DFR, the Director of EBS, and the Director of SAN ensure Assistant Directors sign the EIRs evidencing review before EIRs are submitted to the OEQ.

Management Response / Corrective Action Plan

Agree Disagree

Completion and submission of the Environmental Incident Report is the responsibility of the Department's Environmental section. Moving forward, the Assistant Director over the Environmental section will review all EIRs prior to submission to OEQ by the department's Environmental/Quality & Compliance Manager (or their designee). Additionally, refresher training for department management has been implemented to remind them of the process as outlined in AD 3-73.

Implementation Date

April 1, 2018

Responsible Manager

Jing Xiao, Assistant Director (Sanitation Business Administration)
Janet Goode-Gilbert, Manager – Sanitation Environmental

Recommendation III

We recommend the Director of AVI and the Director of EBS establish required periodic training to ensure staff are properly trained to identify and report spill incidents to OEQ.

Management Response / Corrective Action Plan

Agree Disagree

<Insert your response / corrective action plan here.>

Implementation Date

<Insert your implementation date here.>

Responsible Manager

<Insert responsible manager here.>

Recommendation VI

We recommend the Directors of AVI, DPD, DFR, EBS, and SAN ensure responsible personnel perform the daily inspections and document the results in the Pollution Prevention Daily Checklists.

Management Response / Corrective Action Plan

Agree Disagree

Completion of the Pollution Prevention Daily Checklist is the responsibility of the landfill's Environmental section, specifically the Hazardous Waste Inspection staff. Completion of the checklist is assigned weekly to the "on-call" inspector. Performance and completion of the Daily Pollution Prevention Checklist task will be reviewed and monitored by landfill's Environmental Coordinator. Associated Work Instructions and Procedures will be updated as needed.

Implementation Date

Work Instructions and Procedure Updates – May 1, 2018

Responsible Manager

Richard Akin, Sr. Engineer – Sanitation's McCommas Bluff Landfill
Ngozi Nwosu, Environmental Coordinator - Sanitation's McCommas Bluff Landfill

Recommendation VIII

We recommend the Chief of DFR and the Directors of EBS and SAN ensure all 30 TAC § 328.58 Manifest System requirements are followed by:

- Completing all fields on the manifest form properly
- Training department staff responsible for processing scrap tire disposals on 30 TAC § 328.58 Manifest System requirements
- Ensuring State recordkeeping requirements are consistently followed, including verifying completed manifest forms are obtained within 60 days of transporting the tires off-site

Management Response / Corrective Action Plan

Agree Disagree

A new tire processing contract began on September 13, 2017 with All American Tire. Landfill staff has worked to ensure that a compliant manifest is used and that a completed manifest is received within 60 days of tire shipments to the processor. To better track invoicing and manifests, landfill staff has developed a new "3-folder system" to better manage the timeliness and accuracy of invoices and manifests. The system tracks initial manifest copy (generation and collection), aging invoices and manifests, and final invoice approval/submission for payment. Moreover, final invoice approval/submission for payment must now include a final copy of the completed manifest. Associated Work Instructions and Procedures will be updated as needed to reflect process changes.

Additionally, invoices are now being mailed directly to the central administrative office's accounts payable division for processing, with a final signed manifest to be attached to approved final invoice for processing. Additionally, outstanding DO's and PO's are periodically reviewed by the department's accounts payable division to ensure vendors are paid timely.

Implementation Date

New Tire Collection Contract - September 13, 2017
New aging invoice process - March 31, 2018
Work Instructions and Procedure Updates – May 1, 2018

Responsible Manager(s)

Brian K. Boerner, Division Manager – Sanitation's McCommas Bluff Landfill
Heddy Wei, Division Manager - Business Administration (Accounts Payable)

Sincerely,



Kelly High, Director
Department of Sanitation Services



Jo M. (Jody) Puckett, P.E.
Interim Assistant City Manager

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Memorandum



CITY OF DALLAS

DATE: March 22, 2018
TO: Craig D. Kinton, City Auditor
SUBJECT: Response to Audit Report:
Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Our responses to the audit report recommendations are as follows:

Recommendation IV

We recommend the Director of SAN ensures: (1) SAN staff are trained to inspect sanitation trucks prior to use and to report mechanical issues; (2) sanitation trucks are properly maintained and not dispatched when mechanical issues exist; and, (3) an in-depth analysis of sanitation truck preventative maintenance and fleet size is conducted.

Management Response / Corrective Action Plan

Agree Disagree

Sanitation Services (SAN) agrees with Recommendation IV (1). In February 2016 SAN implemented a training program to provide SAN staff with in-depth information in spill prevention, response, and reporting. Equipment inspection, operations, preventative maintenance, and mechanical problem reporting procedures, including detailed instructions on daily pre and post trip inspections, are incorporated in the training. Additionally, departmental Environmental staff are continually training on topics related to spills, including clean-up and reporting, as well as equipment inspection and preventive maintenance. As it relates to the EIRs caused by "Human Error", although several incidents involved inappropriate waste being placed in residential collection containers (paint, motor oil and pool chemicals), there were several instances that involved operator inattention that increased training and inspection efforts could decrease.

Sanitation Services agrees with Recommendation IV (2), but would note that trucks with mechanical issues are turned into EBS for repairs and are dispatched upon return by EBS. Sanitation Services staff and supervisors are instructed and trained to turn in trucks with mechanical issues and to not dispatch any trucks with noted mechanical issues. Additionally, the majority of Sanitation Services equipment is maintained by EBS and Sanitation staff will continue to work with EBS to ensure vehicles are properly maintained and repaired before being dispatched.

It should be noted that almost all of the trucks in Sanitation's fleet have hydraulic systems and most of Sanitation's trucks have complicated and extensive hydraulic systems, with some having over 30 independent hydraulic hose segments per truck. Due to the nature of equipment utilized by the department, there is increased risk for hydraulic spills, which supports the audit recommendations and our agreement with those recommendations.

Sanitation Services agree with Recommendation IV (3). Sanitation Services has been performing an internal assessment of the department's fleet maintenance and replacement program during the timeframe of this audit review. Based on the internal assessment and the age of fleet, we have identified the need to: continue short-term enhanced fleet replacement funding, develop a more mature and long-term fleet replacement schedule (with funding strategy), continue fleet standardization, re-emphasis of pre- and post-trip inspections, further assess fleet configuration (related service locations and increased damages that occur with alley collection), strengthen proactive communication between SAN and EBS, continue increased training for SAN staff, identify a long-term fleet cleaning/wash solution, and evaluate the appropriate backup ratio of frontline fleet.

As stated in the internal assessment, Sanitation Services is continuing its aggressive fleet replacement program due to having a significantly aging fleet that lacks reliability and is prone to increased mechanical issues. For example, at the beginning of FY 15/16, the department's automated refuse truck average age was about 8.8 years, with 41 (>50%) over 9 years old. The typical replacement age for an automated is about 6 years. Due to funding constraints, from FY 11 to FY 14, Sanitation Services only replaced 2 automated trucks, but from FY 15 to FY 18 Sanitation replaced 39 automated trucks. Overall, in the last two years Sanitation Services has invested over \$12M annually in fleet/equipment replacement, compared to approximately \$6M that was invested annually in FY 13 & 14.

Additionally, EBS is proposing to award a contract in April 2018 for a fleet efficiency study which will look at fleet maintenance and "rightsizing". Sanitation Services will actively collaborate with EBS in this study.

Implementation Date

Staff truck driver training program - Began February 2016
Environmental Training – Annually/Ongoing
Internal fleet maintenance and replacement assessment – FY 16/17
- Implementation ongoing
EBS fleet study completion - Estimated completion 2018

Responsible Manager

Jing Xiao, Assistant Director (Sanitation Business Administration)
Jimmy Johnson, Division Manager - Sanitation Collection Operations

Recommendation IX

We recommend the Director of Sanitation Services ensures scrap tire transporter invoices are received and paid timely to help prevent noncompliance with environmental quality rules related to scrap tire storage.

Audit of Environmental Compliance – Management of Environmental Spills and Scrap Tire Disposal at City Facilities

Management Response / Corrective Action Plan

Agree Disagree

A new tire processing contract began on September 13, 2017 with All American Tire. Landfill staff has worked to ensure that a compliant manifest is used and that a completed manifest is received within 60 days of tire shipments to the processor. To better track invoicing and manifests, landfill staff has developed a new "3-folder system" to better manage the timeliness and accuracy of invoices and manifests. The system tracks initial manifest copy (generation and collection), aging invoices and manifests, and final invoice approval/submission for payment. Moreover, final invoice approval/submission for payment must now include a final copy of the completed manifest. Associated Work Instructions and Procedures will be updated as needed to reflect process changes.

Additionally, invoices are now being mailed directly to the central administrative office's accounts payable division for processing, with a final signed manifest to be attached to approved final invoice for processing. Additionally, outstanding DO's and PO's are periodically reviewed by the department's accounts payable division to ensure vendors are paid timely.

Implementation Date

Ensure New Contract Manifest Compliance - September 13, 2017

New aging invoice process – March 31, 2018

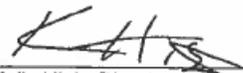
Work Instruction and Procedure Updates – May 1, 2018

Responsible Manager(s)

Brian K. Boerner, Division Manager – Sanitation's McCommas Bluff Landfill

Heddy Wei, Division Manager – Sanitation Business Administration (Accounts Payable)

Sincerely,



Kelly High, Director
Department of Sanitation Services



Jo M. (Jody) Puckett, P.E.
Interim Assistant City Manager