



Joseph M. Centorino, Inspector General

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

DATE: November 13, 2024
AUDIT: Green Dreams Paradise Corporation Permit Fee Revenues Audit
OIG No.: 24-25
PERIOD: July 1, 2017, through November 30, 2020

INTRODUCTION

This report stems from an audit performed of the permit fees charged, collected, due, and remitted by Green Dreams Paradise Corporation to the City Finance Department during the July 1, 2017, through November 30, 2020, audit period. The City of Miami Beach Office of the Inspector General (OIG) Sanitation Tax Auditor examined the contractor's compliance with selected provisions in the City Code, such as obtaining annual business tax receipts (BTRs), filing required reports, and maintaining sufficient insurance coverage. The performance of City staff responsible for monitoring Green Dreams Paradise Corporation and processing all payments received from the contractor was also examined.

The OIG Sanitation Tax Auditor became aware on December 3, 2020, that Green Dreams Paradise Corporation was in the process of obtaining a BTR to perform roll-off services in Miami Beach. Consequently, a Notice of Audit letter was prepared and mailed requesting the contractor to provide documentation related to its Miami Beach operations during the designated period. As the contractor did not initially comply, the OIG Sanitation Tax Auditor made multiple requests over many months for the records needed to perform the compliance audit. The OIG issued subpoenas numbered 21-08 and 21-12, which were successfully served to the contractor's authorized representatives. In response, the contractor provided some of the requested documentation, and the audit was completed with the best available information.

Upon examining all available information and discussing this contractor's operations with the Interim Public Works Director, it was agreed to conclude the audit and not levy an assessment against the contractor. The "Analysis of Available Documentation and Results" section of this report provides more detail concerning the analysis performed by the OIG Sanitation Tax Auditor and the reasons for the conclusions reached.

CRITERIA

A roll-off container is a minimum ten cubic yard container designed for transport by a motorized vehicle, primarily used by contractors for collecting and disposing of construction and demolition (C&D) debris, large quantities of trash, and bulky waste. However, they should not be used for

garbage or commercial refuse. Bulky waste includes large household items such as appliances and furniture, while commercial refuse is solid waste generated by businesses.

City Code Section 90-280 states that roll-off containers must only be used for C&D debris and bulky waste and should not be placed directly on the ground.

As of September 30, 2023, the City's permitting system, EnerGov, reported 27 roll-off contractors in "active" status for their 2022/23 fiscal year Business Tax Receipts (BTRs) and two in "pending" status. The number can change as new contractors join or existing ones cease operations. Contractors must adhere to City Code, including the submission of monthly permit fees at rates approved by the City Commission (18% before October 5, 2019, and 20% thereafter). Gross receipts are defined as all fees collected for solid waste services in the City, excluding taxes.

City Code Section 90-278 requires contractors to provide the City with a list of account names and addresses upon application and to supply service frequency and container capacity during permit renewal. Monthly reports and permit fee payments must be submitted by the end of the following month, with penalties for late payments.

Contractors with annual gross receipts exceeding \$200,000 must submit a statement prepared by a Certified Public Accountant within 60 days of their fiscal year's end. Green Dreams Paradise Corporation did not surpass \$200,000 in gross receipts during the audit period.

Finally, City Code Section 90-196 outlines the insurance coverage required for licensed contractors, and Section 90-193 mandates obtaining permits for all serviced accounts in the City.

ANALYSIS OF AVAILABLE DOCUMENTATION AND RESULTS

Related to the contractor's prior application to obtain a BTR to perform roll-off services, its representative informed the OIG Sanitation Tax Auditor that it was done at the request of the Finance Department Licensing Division, as it routinely used a container trailer in its Miami Beach operations. Then, its representative stated that the Licensing Division informed him that it was not needed since the contractor did not remove any C&D debris. The OIG Sanitation Tax Auditor's subsequent examination of the EnerGov system verified that the contractor did not obtain any roll-off related BTRs during the audit period, nor did the City Code Compliance Department cite it for non-compliance.

Furthermore, Resolution No. 2023-32654 was approved on June 28, 2023, by the City Commission, limiting the application of roll-off fee requirements in debris removal to a contractor's use of a 10-yard or more metal container without wheels. This effectively removed the usage of portable containers to collect and dispose of debris, as used by Green Dreams Paradise Corporation, from being included in taxable permit fee transactions, despite the City Attorney's Office's prior interpretation that included them.

At the request of the OIG for an interpretation of Resolution No. 2023-32654, the Office of the City Attorney provided an email on September 1, 2023, opining that it applied to all OIG audits not yet finalized. Consequently, its limiting terms were extended to both current and prospective audits of all contractors, including those using portable or wheeled containers, dump trucks and grapple services and previously considered by the Office of the City Attorney to be covered by existing City Code provisions.

The OIG Sanitation Tax Auditor performed internet searches; examined the contractor-furnished documentation, including Sales Information reports and invoices; and reviewed the entries in the EnerGov system database of all Building permits issued to the contractor during the audit period.

The internet searches indicated that Green Dreams Paradise Corporation is a full-service landscaping company that offers tree trimming/tree removal/relocation, landscape design, fertilization, pest control, irrigation, and a full plant nursery. Its furnished invoices included such item descriptions as irrigation installation, irrigation repairs, remove old dirt after new irrigation lines installations, removal old landscape, lawn maintenance service, and removal of falling trees. Furthermore, the contractor was issued 18 plumbing permits related to irrigation (lawn sprinklers), and one right-of-way permit to plant (3) trees and install irrigation.

All the evidence available to the OIG indicated that the contractor operated as a landscaping and irrigation company during the audit period and did not use a traditional roll-off container in its Miami Beach locations. Also, it was not hired by any of its identified Miami Beach customers to remove C&D debris.

Although City Code Section 90-2 defines bulky waste as large items of household refuse, such as appliances, furniture, accumulations from major tree cutbacks, large crates and like articles. The OIG could not locate a clear concise definition of "major tree cutbacks" in Section 90 of the City Code, and there is no means to determine the size and/or volume of any tree cutbacks that the contractor in Miami Beach may have performed during the audit period.

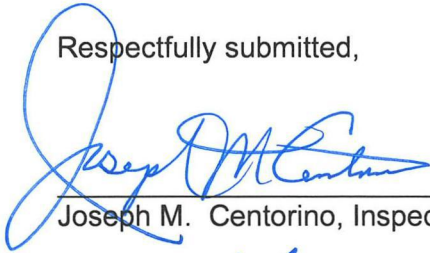
The OIG discussed its analysis with the Interim Public Works Director on August 12, 2024, whereby it was concluded that Green Dreams Paradise Corporation was compliant with the reviewed City Code requirements and no assessment was levied against the contractor.

The audit report reviewed compliance with City Code requirements for permit fee revenues from July 1, 2017, to November 30, 2020. The audit aimed to verify the accuracy and timeliness of the contractor's filings, remittances, and adherence to insurance and reporting requirements. Due to initial delays in providing requested documents, the Office of the Inspector General (OIG) issued subpoenas, and eventually, enough documentation was obtained to complete the audit. Findings indicated that the company primarily operated as a landscaping and irrigation service without using traditional roll-off containers for construction and demolition debris, thus exempting it from certain permit fees. After further review with City officials, the OIG concluded that Green Dreams Paradise complied with relevant City Code requirements, and no assessment was levied against the contractor.

The draft report was provided to the affected parties on August 19, 2024, for their review and comments, in accordance with Section 2-256(h) of the City of Miami Beach Code, which includes a requirement that "whenever the Inspector General concludes a report or recommendation which contains findings as to the person or entity being reported on, or who is the subject of the recommendation, the Inspector General shall provide the affected person or entity a copy of the report or recommendation, and such person or entity shall have thirty (30) working days to submit a written explanation or rebuttal of the findings before the report or recommendation is finalized, and such timely submitted written explanation or rebuttal shall be attached to the finalized report or recommendation."

The OIG did not receive any comments from the affected parties.

Respectfully submitted,



Joseph M. Centorino, Inspector General

11/14/2024
Date



Norman Blaiotta, Chief Auditor

11/13/2024
Date

cc: Eric Carpenter, City Manager
Ricardo Dopico, City Attorney
Bradford Kaine, Interim Public Works Department Director
Hanoi Macias, President, Green Dreams Paradise Corporation

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