



**APPALACHIAN  
REGIONAL  
COMMISSION**

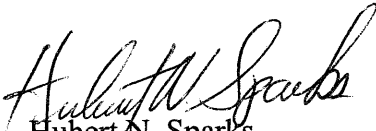
*A Proud Past,  
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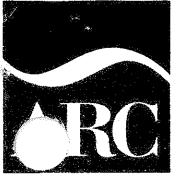
May 28, 1998

MEMORANDUM FOR      FEDERAL CO-CHAIRMAN  
  
SUBJECT:                      OIG Report 98-23(H), Grant GA-12402-96

Enclosed is a copy of our report dealing with a grant to expand a regional recycling project and to add product marketing and public education components. No significant adverse conditions were noted; but a grant balance of \$44,839 should be deobligated if no additional eligible expenses are charged to the grant.

  
Hubert N. Sparks  
Inspector General

Enclosure



May 20, 1998

OIG REPORT NO. 98-23(H)

**MEMORANDUM FOR:** MS. LESLIE GEORGE, EXECUTIVE DIRECTOR, NORTH GEORGIA WASTE MANAGEMENT AUTHORITY, 624 GREEN STREET, NE, GAINESVILLE, GA 30501

**SUBJECT:** Memorandum Survey Report--North Georgia Waste Management Project, ARC Grant No. GA-12402-96-I-302-0430

### PURPOSE

The purposes of our review were (1) to determine the allowability of the costs claimed under the ARC grant, (2) to determine if the grant objectives were met, and (3) to determine the current status of the project.

### SCOPE

Our review included procedures to review costs incurred and claimed for reimbursement under the grant as well as costs claimed as the matching share. The initial period of performance was July 1, 1996 through June 30, 1997. The grant was subsequently extended through August 31, 1997. We reviewed the grantee's reports, examined records, and held discussions with grantee officials February 18-19, 1998. As a basis for determining allowable costs and compliance requirements, we used the provisions of the grant agreement, Office of Management and Budget (OMB) Circulars A-110 and A-122, and the ARC Code.

### BACKGROUND

ARC Grant No. GA-12402-96-I-302-0430 was awarded to the North Georgia Waste Management Authority to expand a regional recycling project from three to six counties, and to add product marketing and public education components. The ARC funds were to underwrite the cost of developing a comprehensive educational awareness program to schools, civic organizations, government organizations, non-profits, and the business community on the value of recycling waste paper for a six county area. The project included the development of video tapes, brochures, educational materials, portable displays, radio and TV commercials, workshops and seminars, and other technical support. The ARC funds were to underwrite personnel costs, contractual costs associated with training and educational material development, TV and radio promotional advertising expenses, travel, and minor office equipment. The following tasks were to be performed:

## OBJECTIVE:

- A. Assist the region to become more aware of the environmental and economic benefits realized through diverting paper from landfills and turning it into value added products to the benefit of the region and the creation of new jobs.

## STRATEGY/GOALS

1. Develop a detailed plan of action to implement this grant and coordinate the partners and the technical advisory team.
  - a. Develop a printed document promoting the action plan for the North Georgia Waste Management Authority. This document would then be distributed to civic groups, community leaders and Chambers of Commerce.
2. Establish a Solid Waste Management Advisory Team.
  - a. Solid Waste Action Committee (a group of recycling coordinators representing the various counties in the region and hosted by the Georgia Mountains RDC) will act as the base of the Advisory Team. This group will have a vital role in the education and distribution of the action plan.
3. Coordinate a major educational program through the schools, civic organizations and local businesses. This program is designed to elevate economic development for recycling programs throughout the region, thereby creating sustainable permanent jobs.
  - a. Coordinate activities with existing programs such as local Georgia Clean and Beautiful Commissions.
  - b. Help in the creation of Keep America Beautiful Affiliates (Georgia Clean and Beautiful) programs where none exist.
4. Supply printed and video materials to help in the education of the population in the region.
  - a. Develop, print and distribute education materials for the population of the region.
  - b. Produce high quality audio and video materials.
    - (1) Produce a ten minute video of the programs implemented through the funds made available from this grant for the purpose of promoting regional recycling and the jobs it creates.

Copies will be made available to all local libraries. This video will also be a documentation of the success of this program.

- (2) Working in conjunction with the Georgia Broadcasting Service, TV and radio spots will be designed to educate the general public on the way to collect paper for recycling, the products it can become and the need to purchase value added products to complete the recycling loop. This will be a year long advertising campaign using radio spots and TV commercials to be shown through the region as a way to raise the economical and environmental awareness of the citizens.
- (3) Coordinate efforts to get cardboard paper collection boxes manufactured and placed in public buildings.

#### OBJECTIVE:

- B. To assist communities and city and county governments to implement the value added recycling concept in the region.

#### STRATEGY/GOALS

1. Develop a high quality presentation using slides and visual aids that can be presented to interested counties.
2. Arrange for presentations to be made to all interested counties on the regional recycling concept including how it is working and how it can work for them.
3. In cooperation with each county's personnel, a detailed solid waste assessment will be arranged. Using this information, a collection and recycling plan will be developed showing the economical and environmental advantages.
4. Assist in the implementation of this plan and help identify substantial new jobs created by this program.
5. From the educational effort and commitment of these counties, and others that wish to participate, increase the monthly tonnage coming into the regional paper recycling center (ACR Industries). This plan will be implemented in six counties and it is expected that paper diverted from the waste stream will increase by 40% over what is presently being collected, thereby showing a production increase of the value added products by 40%.
6. Develop quarterly reports by county to measure the amount of waste the value added recycling concept has diverted from landfills and the resulting value added products produced from this effort.

OBJECTIVE:

- C. To create substantial new jobs from the expansion of the regional recycling effort with the value added products manufactured.

STRATEGY/GOALS

1. Develop a training and certification program for recycled paper (cellulose) insulation applicators. At least one job, possible two, will be created in the training position.
2. Help in the creation of Clean and Beautiful Commissions which would create five (5) new jobs.
3. From the detailed county plan, identify and coordinate the new public and private job opportunities. It is anticipated that seventy jobs will be created in the following areas:
  - a. Each participating county will need a site for collection of materials. Depending on the size of the county, this would create at least three new jobs in each participating county.
  - b. The transportation of waste materials from counties and industry to the sorting and processing center will create at least one job in each participating county, creating a total of six jobs.
  - c. New jobs will be created in the sales and marketing of value added products. As additional paper comes into the plant, permanent sales and marketing jobs will be contracted or employed through ACR Industries. This will result in the creation of the following marketing/sales positions:

Animal Bedding	= 2 jobs
Insulation	= 2 jobs
Mulch	= 2 jobs
Envirosorb	= 1 job

Some of these jobs will be created in existing businesses while others will be entrepreneurial.

- d. Jobs will be created in distribution of value added products to the market place. Five new jobs will be created. These will be in both existing businesses as well as in new businesses.
- e. The installation of cellulose insulation will result in twenty-four new jobs.

- f. Creation of small businesses to handle the manufacturing, marketing and distribution of specialty equipment used in the application of value added products. Six new jobs will be created in these new businesses.
  - g. The coordination and implementation of this plan will result in two permanent positions.
  - h. With the additional paper and sales generated from this effort, a permanent new position of ACR Industries plant manager will be established.
  - i. Transportation coordination of incoming raw stock and out going over-stock will result in one new job.
- 4. From the county waste audit, the local governments will realize that this same plan can be implemented with other waste products such as value added compost, value added plastics, value added glass and value added tires and other specialty waste. This will result in even more jobs being created in this region to sustain these new endeavors. With a similar approach as the value added paper products, 160 new jobs will be created.
  - 5. Report quarterly on the jobs created as a result of this project and economic impact on local communities.

**OBJECTIVE:**

- D. To close the recycling loop by moving value added materials, produced from waste paper, into the marketplace creating new jobs.

**STRATEGY/GOALS**

- 1. Develop an exhibit suitable for use in shows and various events to educate the public on the need to recycle waste paper into value added products, the need to purchase these products and the advantages of the products.
- 2. Attend International Poultry Expo, Various Home Show and other trade shows. As an alternative to random advertising that may or may not get results in the desired market, we will attend events that will target users who will benefit from the types of products we manufacture. To generate interest at these shows, we will be using a display format, educational videos and printed materials as well as personal interaction with potential customers. From this approach, we expect to educate the general public, gain the attention of entrepreneurs, potential applicators and distributors of our recycled value added products. Marketing value added products made from recycled paper in this manner will lead to increased sales of these products and jobs related to the sales and applications of these products.

3. Work with University of Georgia, Department of Agriculture/Poultry Sciences Division on energy studies of animal bedding with the findings being used as a tool in the marketing of animal bedding products made from recycled paper.

The grant was for the actual, reasonable and eligible project costs, not to exceed \$198,338 (49 percent of total project costs). The grantee was to provide \$204,310 (51 percent) in cash, contributed services, or in-kind contributions. At the time of our on-site visit, the grantee had claimed total project costs of \$434,201.74 including grant costs of \$153,498.34 (35 percent) and matching costs of \$280,703.40 (65 percent).

## RESULTS

### Financial Review

During our on-site visit, we reviewed the grantee's financial reports and accounting records and sampled expenditures charged to the ARC grant and to the matching share.

Grant costs---No deficiencies were noted regarding the allowability or documentation of expenditures.

Matching Share---The grantee reported more matching costs than were required by the grant agreement. We were unable to verify some of the matching costs claimed by the grantee because some of the documentation sent to ARC with the final report had been sent to ARC's historical archives, however, we were able to verify sufficient allowable costs to meet the requirements of the grant agreement (51 percent of total project costs).

At the time of our review, we noted that the grantee charged expenses related to a donated automobile to match. Gas, maintenance and repair costs totaling \$4,463.57 were charged to match in lieu of mileage costs. The grantee indicated that they thought the expense would be allowable. The Grant Administration Provisions indicate that travel costs may be considered reasonable and allowable to the extent they are allowed by an institution in its regular operations as a result of an acceptable institutional policy regarding travel costs and the amounts claimed under sponsored agreements are reasonable and allocable. In the absence of an acceptable institutional policy regarding travel costs, federal travel regulations are to be followed. We found that the grantee had no written travel policy and did not get approval from ARC for the costs related to the donated automobile. In this instance, the grantee had excess match, however, for future expenses of this nature, the grantee should obtain prior approval from ARC program personnel and establish a written travel policy to cover the issue.

**Recommendation:** We recommend that the grantee obtain approval from ARC program personnel if they wish to charge automobile expenses (except mileage) as grant or matching costs on ARC projects in the future and establish a written travel policy as specified in ARC Grant Administration Provisions.

Grant Fund Balance---At the time of our on-site visit, the balance of the ARC grant account was \$44,839.66 and the grantee indicated there would be no additional expenses associated with the original grant. Subsequent to our visit, a state official indicated to ARC that the remaining funds should be

deobligated. We concur with this action and understand that the grantee will send a final financial report to ARC including a breakdown of costs by category and a request that ARC deobligate the balance of the account. Any costs associated with the continuation of this project will be charged against the \$150,000 obligated by ARC under the continuing project (GA-12402-97-C1).

### Program Review


The ARC project was very successful and the grantee completed the work specified by the grant agreement with the exception of the detailed plan of action. A contractor completed the related study, however, the grantee indicated there was not time during the grant period to formulate the action plan. They expect it to be completed during the subsequent grant period (September 1, 1997 through August 31, 1998).

The grantee assisted the region in becoming more aware of the environmental and economic benefits of recycling and the development of value added products. They assisted communities and local governments in implementing the value added recycling concept and with the expansion of the regional recycling effort. They also participated in the marketing and promotion of value added products. Efforts included completing the solid waste assessment for six counties; coordinating educational programs through schools, civic organizations and local businesses; creating and using videos, slides, and audio and printed materials to educate the public and others; and coordinating the placement of collection boxes in public buildings. They hosted tours of local landfills and worked with cities to establish recycle centers. They also contracted with a consultant to develop a training and certification program for cellulose insulation applications.

Value added products developed during the grant period include materials used for home insulation and animal bedding that were made from wastepaper.

### Program Status

ARC awarded a subsequent grant to this grantee for \$150,000 and the program is expected to continue through August 31, 1998.

  
Hubert N. Sparks  
Inspector General





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May 28, 1998


Mr. Phil Whitlow, ARC Program Coordinator  
Georgia Department of Community Affairs  
60 Executive Park South, NE, Suite 120  
Atlanta, GA 30329-2231

re:     OIG Report 98-23(H), Grant GA-12402-96

Dear Mr. Whitlow:

Enclosed is a copy of our report dealing with a grant to expand a regional recycling project and to add product marketing and public education components.

Sincerely,

  
Hubert N. Sparks  
Inspector General

Enclosure



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May 28, 1998

Ms. Leslie George, Executive Director  
North Georgia Waste Management Authority  
624 Green Street, NE  
Gainesville, GA 30501

re: OIG Report 98-23(H), Grant GA-12402-96

Dear Ms. George:

Enclosed is a copy of our report dealing with a grant to expand a regional recycling project and to add product marketing and public education components. As noted, ARC approval should be obtained for charging of automobile expenses on any future grants; and the balance of \$44,839 on the original grant should be deobligated if no additional eligible expenses are charged to this grant.

A response to my office is not requested, but we will followup with ARC to determine the status of funds on the noted grant.

A copy of this report is being provided to the Federal Co-Chairman Executive Director, and Georgia State Alternate.

The courtesies and cooperation afforded the auditor were appreciated.

Sincerely,

Hubert N. Sparks  
Inspector General

Enclosure