

# REPORT HIGHLIGHTS



WASTE TIRE PROCESSOR AND END USER PROGRAM  
PERFORMANCE AUDIT, JUNE 2014

DEPARTMENT OF PUBLIC HEALTH  
AND ENVIRONMENT

## CONCERN

The Department needs to establish goals and strategies related to the Program's purpose, better align the reimbursement rate to the Program's goals, and strengthen controls over reimbursement payments.

## KEY FACTS AND FINDINGS

- Despite an increase in waste tire recycling in recent years, Colorado does not consistently recycle all the new waste tires it generates each year. Additionally, the current recycling rate is not sufficient to eliminate the 61 million waste tires in waste tire storage facilities by 2024 when statute requires these facilities in the state to close. The Department lacks strategies, goals, and performance measures related to establishing a self-sustaining waste tire market that consumes all newly-generated and stockpiled waste tires in the state.
- In Fiscal Years 2012 and 2013 the reimbursement rates were highly variable and even though the Program paid more in reimbursements in Fiscal Year 2013, the amount of waste tires processed and end used under the Program did not increase significantly. Additionally, the reimbursement rates did not appear to align with the statutory intent to pay only a reimbursement of Program participants' costs.
- Providing reimbursements for tire bales does not appear to fall within the intent of the Program because tire bales are generally not a permanent use for waste tires and a reimbursement might not be necessary for them to be economically feasible.
- The Department lacks written documentation of its eligibility determination, application processing, and site visit practices. Additionally, its site visit practices could be strengthened through a risk-based approach.

## BACKGROUND

- Colorado consumers annually generate approximately 5 million waste tires and the state has about 61 million waste tires in storage.
- The Program provides reimbursement to entities that process and/or use waste tire products to encourage recycling of waste tires and decrease waste tires in storage.
- The Program provided approximately \$4.8 million in reimbursements in Fiscal Year 2013 to companies and individuals that recycled waste tires or used tire-derived products.
- House Bill 14-1352 made significant changes to the structure and administration of the Program and will repeal the Program on January 1, 2018.

## KEY RECOMMENDATIONS

The Department should:

- Develop performance measures and implement strategies to achieve the Program purpose within statutory timelines.
- Align the reimbursement rate with the Program's goals, statutes, and rules.
- Eliminate the reimbursement for tire bales unless part of a permanent, engineered design.
- Strengthen eligibility controls by documenting current practices through written policies and procedures and implementing a risk-based approach to scheduling site visits.
- Conduct periodic reviews to ensure all new tire retailers are remitting the waste tire fee.

The Department agreed with these recommendations.

## FINANCIAL BENEFITS

Eliminating reimbursements for tire bales could save the Program approximately \$194,000 each year.