

# OFFICE OF INSPECTOR GENERAL CITY OF JACKSONVILLE



## REPORT OF INVESTIGATION 2020-0001WB

### INVESTIGATION INTO THE HANDLING OF A JEA SURPLUS MATERIAL DONATION

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*“Enhancing Public Trust in Government Through Independent and Responsible Oversight”*



# EXECUTIVE SUMMARY

Report of Investigation 2020-0001WB

In November of 2019, the Office of Inspector General (OIG) received multiple complaints regarding a delivery in September of 2019 of JEA surplus items to a church located in Neptune Beach, Florida, in violation of JEA policy. The delivery occurred based upon direction from Carl Ramsubhag, Manager, Investment Recovery Operations (IRO), following a request from John McCarthy (McCarthy), former Vice President and Chief Supply Chain Officer, on behalf of Aaron Zahn (Zahn), former Managing Director and Chief Executive Officer, JEA.

As part of the OIG's complaint intake process, the Inspector General reviewed and determined that the disclosures demonstrated reasonable cause for protection under the Whistle-blower's Act, Florida Statutes (F.S.) §112.3187 - 112.3189, and Part 5, of Chapter 602, *Ordinance Code*. The OIG designated Whistle-blower (WB) status to the complainants and initiated an administrative investigation in accordance with §602.303, *Ordinance Code*.

The OIG investigation confirmed that Zahn initiated an inquiry into JEA's process for donating surplus materials to a church located in Neptune Beach. This inquiry came through Zahn to McCarthy, who then inquired with IRO staff about the appropriate process. Ramsubhag provided information to McCarthy and subsequently offered to coordinate the surplus delivery to the church on behalf of the request that originated from Zahn.

Once Ramsubhag began coordinating the delivery to the church, Zahn was no longer involved. McCarthy consulted with Ramsubhag to ensure that JEA policies and procedures were followed and Ramsubhag assumed responsibility for the coordination of the delivery. However, the investigation determined that Ramsubhag's subsequent actions to fulfill Zahn's request were not in accordance with JEA policies.

The OIG investigation *substantiated* that Ramsubhag directed the IRO Foreman to deliver JEA surplus materials (20 wooden pallets and 4 wooden reels [spools]) to a church located in Neptune Beach, Florida, located outside of JEA's territory, on September 27, 2019, on official time, using Ramsubhag's friend's truck and trailer, and in manner non-compliant with *JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials*, (effective August 1, 2016).

In addition, the OIG investigation *substantiated* that Ramsubhag approved the IRO Foreman's time and attendance for September 27, 2019, inaccurately capturing an eight-hour workday that did not take into consideration time spent related to picking up Ramsubhag's friend's truck and trailer, delivery to the church, and the return of the truck and trailer, approximating three hours, none of which was considered official JEA work-related activity.

Finally, the investigation concluded that Ramsubhag's actions related to this incident were in a manner inconsistent with his official duties in violation of *Ordinance Code §602.401 Misuse of position, information, resources, etc.* Specifically, Ramsubhag was not transparent with his superiors about the circumstances surrounding the details of the delivery, which put a JEA

employee at potential risk by having the employee drive a truck and trailer owned by a friend of Ramsubhag to conduct a non-JEA work activity outside of JEA's service territory. In addition, Ramsubhag approved an inaccurate time and attendance record for the IRO Foreman who made the delivery to the church.

As a result of the investigation, JEA updated the *JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials* policy. In addition, JEA advised that Ramsubhag was released from employment on December 10, 2020.

## INVESTIGATIVE REPORT

In November of 2019, the Office of Inspector General (OIG) received multiple complaints regarding a delivery in September of 2019 of JEA surplus items to a church located in Neptune Beach, Florida, in violation of JEA policy. The delivery occurred based upon direction from Carl Ramsubhag, Manager, Investment Recovery Operations (IRO), following a request from John McCarthy (McCarthy), former Vice President and Chief Supply Chain Officer, on behalf of Aaron Zahn (Zahn), former Managing Director and Chief Executive Officer, JEA.

JEA's IRO maintains various surplus items from the field, such as damaged electric poles, wooden electric cable reels (spools), and wooden pallets. The OIG investigation disclosed that the manner JEA disposed of surplus materials changed over the years. In 2019, JEA moved away from selling directly to the public and began selling surplus materials through an online website. Per testimony, current approved JEA policies are found on an internal portal referred to as the *GRID*.

As part of the OIG's complaint intake process, the Inspector General reviewed and determined that the disclosure demonstrated reasonable cause for protection under the Whistle-blower's Act, Florida Statutes (F.S.) §112.3187 - 112.3189, and Part 5, of Chapter 602, *Ordinance Code*. The OIG designated Whistle-blower (WB) status to the complainants.

The OIG initiated an administrative investigation in accordance with §602.303, *Ordinance Code*. Specifically, the investigation focused on the events regarding the delivery of wooden pallets and wooden spools from JEA's Westside Service Center (WSC), located at 6727 Broadway Avenue, Jacksonville, Florida, to a church located in Neptune Beach, Florida, by a JEA IRO employee, at the request of Ramsubhag on September 27, 2019.

### **ALLEGATION:**

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*Carl Ramsubhag, Manager of Investment Recovery Operations (IRO), Operations Support Services, JEA, directed a Transformer Shop Working Foreman (IRO Foreman), to deliver JEA surplus materials (20 wooden pallets and 4 wooden reels [spools]) to a church located in Neptune Beach, Florida, on September 27, 2019, outside of JEA's service territory on official time. Ramsubhag directed the IRO Foremen to use a personal vehicle owned by a friend of Ramsubhag to deliver the surplus material. The complainants alleged that the delivery was made in violation of JEA policies.*

### **GOVERNING DIRECTIVES**

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#### **City of Jacksonville Ordinance Code**

- *Ordinance Code §602.401 Misuse of position, information, resources, etc.*

**JEA Policies and Procedures**

- *JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials, (effective August 1, 2016)*

**INVESTIGATIVE FINDINGS**

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**OIG RECORDS REVIEW**

The OIG reviewed various records, including applicable Florida Statutes, JEA policies and procedures, and other records, as highlighted below:

**JEA Policies and Procedures*****JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials, (effective August 1, 2016)***

The investigation disclosed that there had been several policy reiterations relating to surplus materials dating back to 2015. In September of 2019, the policy posted on the *GRID* was the above referenced policy, effective August 1, 2016.

Some IRO employees believed the IRO policy titled *Investment Recovery Operations Procedure, OS A0420 MDRS 110 Sale and Disposal of Surplus* (effective September 26, 2019) was in effect at the time the delivery was made to the church. However, based on testimony, this 2019 policy was still in draft form and was never formally uploaded to the *GRID*.

Therefore, the OIG investigation determined that the applicable sale and disposal policy in effect at the time of the delivery was the *JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials* (effective August 1, 2016).

In accordance with the policy's *Section I. Non-Profit & Charitable Donations*, in order to qualify for a donation, non-profit and charitable organizations could receive JEA surplus materials, as outlined *verbatim*, in part, below:

***I. Non-Profit and Charitable Donations***

*To qualify for a donation each organization must provide a copy of their 501 (c) (3) Tax ID and submit via e-mail a completed copy of the Surplus Material Donation Request Form in order for IR [Investment Recovery Operations] to determine that the organization meets all requirements and assist in evaluating each request ...*

*... Depending on the size of the equipment and the non-profit's inability to transport the items, JEA may be able to assist with transportation. If JEA provides assistance for delivery, the agency will be charged a flat rate of \$75.00 for a maximum total of forty (40) miles round-trip. JEA will not*

*deliver material outside of the established forty-mile round-trip range. Agencies located in excess of forty miles of the surplus facility at 6727 Broadway Avenue, Jacksonville, FL 32254 will be required to make alternate transportation arrangements paid for by the requesting agency.*

#### ***L. Uncompensated Utility Equipment***

*If IR is unable to sell material that has been placed out for bid or does not have useful life on the secondary market; JEA IR will publish the material on its website and make it available to the public at zero cost. Material will be made available on a first-come, first served basis and the recipient must sign JEA's zero dollar value sales agreement and Waiver of Liability in order to take possession of the material.*

#### **JEA Employee Badge Access Records**

The OIG reviewed the JEA badge access reports for the JEA IRO Foreman who was directed by Ramsubhag to deliver the surplus material on September 27, 2019. The records disclosed the IRO Foreman left the WSC at approximately 12:53 p.m. and returned to the WSC at approximately 3:03 p.m.

#### **Westside Service Center Video Clips**

The OIG reviewed multiple videos clips from various cameras located at the Westside Service Center (WSC), which reflected the IRO Foreman drove a truck and trailer containing wooden pallets and wooden spools on September 27, 2019 from the WSC. Ramsubhag testified during the investigation that the truck and trailer belonged to his friend.

The chart below highlights information obtained from the WSC video clips for September 27, 2019:

<b><i>Time</i></b>	<b><i>WSC Video Clip Summary</i></b>
12:51:26 p.m.	IRO Foreman driving the trailer hauling the wooden pallets and wooden spools.
12:52:15 p.m.	IRO Foreman walking from the truck to the IRO loading dock.
12:54:16 p.m.	IRO Foreman leaving the JEA facility with the truck and trailer hauling the wooden pallets and wooden spools.
3:02:34 p.m.	IRO Foreman returning to WSC parking lot in his personal vehicle.

#### **Investment Recovery Operations Records**

The OIG received a copy of the *Investment Recovery Operations Material and Equipment Gate Pass* (Gate Pass), dated September 27, 2019. Testimony disclosed that as part of JEA IRO's

standard practice, a Gate Pass would be used when leaving the WSC with surplus materials. The Gate Pass would be signed by an IRO employee and the individual receiving and transporting the surplus materials out of the WSC. Upon exiting the WSC surplus yard, the individual provided the Gate Pass to the security guard to show proof the individual was allowed to leave with the surplus material.

Per a review of the Gate Pass dated September 27, 2019, the name of the church,<sup>1</sup> located in Neptune Beach, Florida, and the description of the materials (20 pallets and 4 medium reels) was legible. Both the JEA approving authority and the recipient's signature were illegible.

### **Mileage from the WSC to the Church**

Per online resources, the OIG verified that the mileage from the IRO to the church was twenty-two miles one-way (forty-four miles roundtrip), in excess of the forty-mile delivery range authorized in the *JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials*.

### **TESTIMONY**

#### **Statement of Transformer Shop Working Foreman, Investment Recovery Operations, Operations Support Services**

The Transformer Shop Working Foreman (IRO Foreman) stated that part of his daily activities includes the supervision of the IRO. The IRO Foreman reported directly to Carl Ramsubhag, Manager of Investment Recovery Operations, Operations Support Services, and is an appointed employee. The IRO Foreman advised there were occasions when citizens or JEA employees would contact the IRO to purchase surplus materials, including wooden spools, wooden pallets, and wood electrical poles. The IRO Foreman stated the IRO had policies that outlined procedures for the sale and disposal of surplus materials.

The IRO Foreman explained that on the morning of September 27, 2019, Ramsubhag telephoned him and asked him if he would deliver some wooden pallets and wooden spools to a church. The IRO Foreman thought Ramsubhag's request was peculiar because IRO employees did not deliver or donate materials to religious organizations.

Ramsubhag informed the IRO Foreman that the request came from Aaron Zahn, Managing Director and Chief Executive Officer (Zahn), and the donated materials would need to be delivered to the church that Zahn attended. Ramsubhag was contacted by his supervisor, Director, Operations Support Services, after being contacted by John McCarthy, Vice President and Chief Supply Chain Officer, who had been contacted by Zahn.

The IRO Foreman advised that Ramsubhag did not want to show up to a church with a JEA vehicle to make the delivery to the church. The IRO Foreman stated JEA policy stipulated that JEA employees could not use JEA vehicles unless for JEA business purposes.

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<sup>1</sup> Name intentionally omitted.

Ramsubhag asked the IRO Foreman if he wanted to make the delivery to Zahn's church, and the IRO Foreman said, "*I don't want to do it.*" Ramsubhag then asked if the IRO Foreman could use his personal truck and trailer, but he explained to Ramsubhag that it was not "*DOT*" approved and not suitable for this type of delivery. Ramsubhag then asked him if he knew anybody who had a truck and trailer who could make the delivery. The IRO Foreman said, "*no,*" no one who was off work, but he would inquire around.

Not much time later, the IRO Foreman received a second telephone call from Ramsubhag (unknown time). Ramsubhag told him that he had contacted a friend who had a truck and trailer available and that he (the IRO Foreman) could use the truck and trailer to deliver the surplus materials to Zahn's church. Ramsubhag asked the IRO Foreman if he would be willing to deliver the surplus materials to the church while on his lunch hour. The IRO Foreman sensed that Ramsubhag was under pressure to make the delivery to the church, and that he was reaching out to him for help, so the IRO Foreman agreed to help with the delivery.

Note: The OIG investigation determined that Zahn did not attend the church that the surplus materials were delivered to; however, the IRO Foreman, based on his conversations with Ramsubhag, believed that delivery was being made to a church that Zahn attended.

The IRO Foreman asked Ramsubhag if the surplus material delivery to Zahn's church could wait until Monday when he could use his trailer and deliver the material. However, Ramsubhag said the church needed the items by Saturday (September 28, 2019) due to a fall festival. The church wanted to use the pallets in their pumpkin patch.

The IRO Foreman told Ramsubhag the delivery would take longer than the one-hour lunch break and that it would take two or three hours. The IRO Foreman explained that the church was located off Penman Road in Neptune Beach and not located in JEA's service area. Ramsubhag told him to go ahead and deliver the surplus materials to the church even if the delivery took longer than the lunch break. In addition, Ramsubhag told him to count the delivery as work hours to "*just get it done.*"

The IRO Foreman stated he felt pressured to make the delivery to the church. Initially, the IRO Foreman believed he had a choice to say no, but Ramsubhag was being very pushy about the matter, which was abnormal for Ramsubhag. The IRO Foreman believed he had to deliver the surplus materials to the church because Ramsubhag had asked other employees to make the delivery, and Ramsubhag indicated he had no other options other than for the IRO Foreman to make the delivery. The IRO Foreman did not agree with delivery of the surplus materials to the church because he believed it would be a violation of JEA policy.

Based on Ramsubhag's conversation with him, he believed Ramsubhag was being pressured from higher level JEA employees to ensure the surplus materials were delivered to the church. Therefore, the IRO Foreman believed he had no choice but to deliver the surplus materials to the church.



The IRO Foreman opined Ramsubhag would “*frown upon him*” if he did not agree to make the delivery as he knew the delivery request had come from Zahn. He stated he would not have made the delivery to the church if the request had been made by anyone other than Zahn, since he was the CEO of JEA.

The IRO Foreman stated that JEA frequently turned down requests from citizens and non-profit organizations for various reasons. The IRO Foreman told Ramsubhag “*You know this is a violation of policy,*” and Ramsubhag responded, “*do it anyway.*”

The IRO Foreman left the JEA yard and drove to Ramsubhag’s friend’s house, where he picked up the key to the truck, and drove the truck and trailer back to the JEA yard where he, along with the help of another IRO employee, loaded the trailer with the surplus materials (4-medium wooden spools and 20-wooden pallets). Upon arrival he asked the church representative (could not recall name) to sign the Gate Pass, which reflected that the surplus materials had been delivered to the church.

The JEA surplus policy (effective August 1, 2016) allowed IRO employees to deliver donations to non-profit or charitable organizations. However, these organizations would be assessed a \$75 fee and the mileage had to be within a 40-mile round trip from the IRO office to the organization’s location.

Per the IRO Foreman’s understanding of IRO’s revised surplus policy (effective September 26, 2019<sup>2</sup>), organizations were responsible for arranging transportation to IRO to pick up the surplus items. The IRO Foreman stated someone from the church should have picked up the surplus materials at IRO.

The IRO Foreman reviewed the video clips (referenced on page 5) and confirmed that he drove Ramsubhag’s friend’s truck and trailer to the church in Neptune Beach in order to deliver the pallets and wooden spools (reels). He stated this donation and delivery was done per instructions from Ramsubhag and that the delivery was outside of JEA’s territory.

The IRO Foreman confirmed he was paid for an eight-hour workday on September 27, 2019. The JEA IRO Foreman opined IRO made the delivery to the church because the request came from Zahn. He stated he was frustrated he was put in this situation by Ramsubhag.

#### **Statement of Manager, Corporate Records Compliance, JEA**

The Manager for Corporate Records Compliance (Manager) stated that as part of his duties he oversees the posting of JEA policies and procedures. The Manager explained that approved JEA policies and procedures had been posted on the GRID (Intranet) for the past several years. Since March of 2018, JEA had started moving approved JEA policies and procedures from the GRID to “*Policy Tech,*” software which included features to help JEA managers with the review and approval of policies and procedures.

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<sup>2</sup> The OIG investigation determined that this policy had not been approved and/or uploaded to the GRID. However, the 2016 policy in effect at that time required the organization to make transportation arrangements for deliveries over a 40-mile radius.

However, not all JEA policies and procedures had been moved to Policy Tech, and many were still posted on the GRID. JEA employees would have to search both the GRID and Policy Tech to review approved JEA policies and procedures. The Manager stated that each employee should be adhering to policies or procedures posted on the GRID and in Policy Tech. All JEA employees have access to Policy Tech and the GRID. He explained that JEA managers should be using Policy Tech to create any new policies.

After having reviewed the surplus policies, he stated the template used for *JEA Investment Recovery Operations Procedure OS A0420 MDRS 110, Sale and Disposal of Surplus* (effective September 26, 2019) appeared to be written using an older policy template. Whereas, *JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials, (effective August 1, 2016)* appeared to be written in the current policy template.<sup>3</sup>

### **Statement of Director, Operations Support Services, JEA**

The Director of Operations Support Services (Director) stated he supervised five managers who oversaw five JEA departments, including the IRO. His direct supervisor was John McCarthy, Vice President and Chief Supply Chain Officer (McCarthy). The Director had supervised the IRO for two or three years. Carl Ramsubhag, Manager of the IRO, reported to him. Ramsubhag's department handled, in part, the disposal of surplus materials.

The Director was familiar with the disposal of surplus materials and advised JEA used an online auction company to sell surplus materials. However, he was not familiar with the day-to-day operations of the IRO. Ramsubhag would report to him regarding the sale of JEA surplus materials. The Director was not familiar with JEA procedures related to the sale and disposal of surplus materials. He stated if he needed to review a policy (e. g. *Sale and Disposal of Surplus*) he reviewed the policy on the JEA GRID (Intranet). The Director stated the policy on the GRID would be considered the current policy in effect.

Regarding the JEA policy process, the Director stated if there were major revisions to a policy, Ramsubhag would show the changes to him for review and approval.

The Director was unsure which policy (*JEA Investment Recovery Operations Procedure OS A0420 MDRS 110, Sale and Disposal of Surplus* (effective September 26, 2019) or *JEA Investment Recovery Operations Procedure OS A0420 MDRS 110, Sale and Disposal of Surplus (effective August 1, 2016)*) was currently posted on the GRID. The Director stated if the policy dated August of 2016 was posted on the GRID, then this was the current policy employees should adhere to.

The Director did not recall Ramsubhag discussing with him anything regarding a revised surplus policy (effective September 26, 2019) and he was unaware of any surplus policy changes. Based on his review of the surplus policies (effective September of 2019 and August of 2016), the Director stated the changes in the surplus policy (effective September of 2019) were important.

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<sup>3</sup> Subsequent to the OIG Interview, the Manager, Corporate Records Compliance, JEA, confirmed the August of 2016 policy was the current policy on the GRID and was placed on the GRID in June of 2018.

He considered the changes to be material changes and would have liked for Ramsubhag to have notified him and shown him the changes.

*Note: Per the policy (effective September of 2019) material changes included, “Agencies approved for material donations are responsible for arranging transportation to their facility. JEA IRO will assist with loading donated items ...” The policy effective August of 2016 specified, “If JEA provides assistance for delivery, the agency will be charged a flat rate of \$75.00 for a maximum total of forty (40) miles round-trip. JEA will not deliver material outside of the established forty-mile roundtrip range.”*

The Director stated JEA had an abundance of wooden electrical reels/spools and JEA had been trying to dispose of them in multiple ways. In the past, JEA had given wooden spools away and had even tried using the wooden spools for biofuel (burning the spools).

While traveling out of town on personal business on September 25, 2019, the Director received a text from McCarthy. McCarthy asked the Director if JEA had any excess wooden pallets and how the wooden pallets were disposed of. The Director advised the text message from McCarthy also contained other questions, including whether JEA vendors wanted the wooden pallets returned to them, and whether JEA sells the wooden pallets, etc.

The Director texted Ramsubhag during the evening hours on September 25, 2019 and told him to gather the information and respond to McCarthy’s text the next day (September 26, 2019). The Director understood that Ramsubhag responded to McCarthy’s text and provided the information.

On October 1, 2019, the Director returned to Jacksonville and ran into Ramsubhag in the office. The Director asked if McCarthy’s request for wooden pallets and questions regarding wooden pallets had been taken care of. He did not ask Ramsubhag for any details. Ramsubhag only told him (the Director) that surplus materials (wooden pallets) were donated to a church.

The Director stated he did not know the request for wooden pallets had come through McCarthy from Zahn. The Director was unaware Ramsubhag had asked one of the IRO employees to drive a vehicle and trailer which belonged to a friend of Ramsubhag in order to deliver the surplus materials to the church.

He had no knowledge about whether Ramsubhag was told to deliver the surplus materials (wooden pallets and wooden spools) or if Ramsubhag volunteered to ensure the delivery was completed.

The Director stated he was extremely concerned if one of Ramsubhag’s employees felt pressured to deliver the surplus materials to the church. He stated the delivery of the surplus materials to the church in a personal vehicle was not considered a JEA work activity.

The Director stated Ramsubhag would have violated the surplus policy (effective August of 2016), if it was the current policy on the GRID, because the delivery was outside the mileage parameters outlined in the policy.

**Statement of John McCarthy, former Vice President and Chief Supply Chain Officer, JEA**

John McCarthy, former Vice President and Chief Supply Chain Officer (McCarthy) stated on September 25 or September 26, 2019, Aaron Zahn (Zahn), who at that time was the Managing Director and Chief Executive Officer, asked him what the JEA surplus policy was for the disposal of wooden pallets. McCarthy directly reported to Zahn and oversaw Material Distribution, which included the IRO. Initially, Zahn did not tell McCarthy why he was inquiring about the surplus policy, but Zahn later told him he wanted wooden pallets donated to a church.

McCarthy stated Zahn provided McCarthy with the name and telephone number of a contact at the church (could not recall contact name or name of the church). He understood from Zahn that the contact person was from the church which Zahn attended.

McCarthy stated that after speaking with Zahn, he may have contacted the Director, Operations Support Services, prior to contacting Ramsubhag regarding obtaining information on donating the wooden pallets to the church. McCarthy called Ramsubhag and asked him what the policy/procedure was regarding JEA donating the wooden pallets to the church. Ramsubhag told McCarthy that wooden pallets were of minimum value and could be donated to non-profit and charitable organizations (e.g., a church). McCarthy asked Ramsubhag how many wooden pallets IRO had available that could be donated to a church and Ramsubhag told him “*he would take care of it.*” McCarthy advised he provided the contact person’s name and telephone number to Ramsubhag. He understood from Ramsubhag that he (Ramsubhag) had called the individual at the church.

McCarthy initially stated during the interview Zahn told him the church was selling pumpkins through a church project and told him the wooden pallets would be used in a pumpkin patch. However, later during the interview McCarthy stated Ramsubhag (not Zahn) told him the wooden pallets would be used in a pumpkin patch after Ramsubhag had contacted the church.

On September 27, 2019, after a management meeting, Ramsubhag told McCarthy that when he contacted the church, earlier in the day, the church representative advised that there was no one who could pick up the wooden pallets from IRO.

McCarthy stated he told Ramsubhag this donation request came from Zahn. McCarthy stated that Zahn did not ask for anything that JEA was not allowed to do and McCarthy instructed Ramsubhag to follow JEA policy and procedure.

McCarthy told Ramsubhag that he wanted to see the policy and procedure related to the sale and disposal of surplus materials. He and Ramsubhag met in McCarthy’s office and Ramsubhag and he reviewed the *Sale and Disposal of Surplus Materials* policy, dated September 26, 2019.<sup>4</sup>

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<sup>4</sup> The investigation determined that this policy was a draft policy and not in effect at that time.

McCarthy stated he told Ramsubhag JEA could not make the delivery to the church based on the verbiage in the surplus policy dated September 26, 2019. McCarthy stated the 2019 policy stipulated that the agencies receiving the donated surplus materials were responsible for arranging transportation to the IRO and picking up the surplus materials.

McCarthy stated he told Zahn (via a note) that unless he (Zahn) had a truck to pick up the donation from IRO and deliver the materials to the church himself, JEA could not deliver the wooden pallets to the church based on the verbiage in JEA's surplus policy (dated September 26, 2019).

McCarthy recalled that he and Zahn had a conversation during which Zahn told him that he (Zahn) would get a truck and pick up the surplus materials and deliver the materials to the church. However, later on September 27, 2019, prior to McCarthy hearing back from Zahn, Ramsubhag contacted McCarthy and told him that he (Ramsubhag) had a friend who had a truck and Ramsubhag's friend would deliver the surplus materials from IRO to the church.

McCarthy advised the most current and approved JEA policies and procedures were posted on the GRID, so employees could locate and review the policies and procedures. He stated employees should follow the policies and procedures that were posted on the GRID and should not be adhering to any other policy or procedure posted on a shared drive, etc.

During his interview, McCarthy confirmed based on his reading of the two policies (2016 and 2019) the verbiage found in the August of 2016 policy allowed for JEA to transport donated surplus materials within a forty-mile roundtrip radius and that JEA would charge a \$75 fee. Based on his review, McCarthy stated this verbiage was not included in the surplus policy effective September of 2019. Until reading the surplus policy effective August 1, 2016 (during the OIG interview) McCarthy was unaware of the verbiage in the surplus policy.

McCarthy did not know why verbiage, specifically that JEA could transport donated surplus materials within a forty-mile roundtrip radius and JEA would charge a \$75 fee, had been removed from the surplus policy when it was revised on September 26, 2019.

McCarthy identified Ramsubhag as the employee who would have been responsible for making changes to policies/procedures involving the sale and disposal of surplus materials. McCarthy stated any modifications in the surplus policy/procedure possibly should have been reviewed and approved by the Director, Operations Support Services. McCarthy was unaware if Ramsubhag provided the surplus policy effective September of 2019 to the Director for review and approval. McCarthy could not recall if the changes (removal of JEA delivering surplus materials verbiage) were discussed with him.

McCarthy understood Ramsubhag's friend used his own truck and made the delivery to the church. Based on this information relayed to him by Ramsubhag, he told Zahn the matter was being handled.

McCarthy stated the delivery of surplus materials to the church was not something they would use JEA assets for, as it was not considered a JEA work activity. Furthermore, IRO employees

could not use a JEA truck because the September 26, 2019, policy did not provide for JEA to deliver surplus materials. The surplus policy (effective September of 2019) indicated that the agencies receiving the donated surplus materials should pick up the donated items from IRO.

McCarthy stated he told Ramsubhag that Zahn was not asking for anything that JEA would not do for anyone else. McCarthy stated he told Ramsubhag that “we” could tell the church that JEA could not deliver the surplus materials to the church. However, Ramsubhag found a friend to make the delivery to the church.

McCarthy did not recall looking at the effective date on the surplus policy (effective September 26, 2019) when Ramsubhag and he reviewed the policy on or about September 27, 2019. However, he was sure the surplus policy indicated that JEA would not transport donated materials to organizations, as it was the organization’s responsibility to pick up the surplus materials from IRO.

McCarthy reiterated Ramsubhag told him that Ramsubhag’s friend would deliver the surplus materials from IRO to the church. He was unaware that a JEA employee had driven a truck belonging to Ramsubhag’s friend and made the delivery to the church on JEA work time until advised during the interview by OIG.

McCarthy stated it was not acceptable for a JEA employee to deliver the donated surplus materials while on JEA work time. He stated he considered that “stealing from the company.” McCarthy opined if an employee did something wrong because his supervisor pressured him to do it, both were at fault. He stated the employee should not have been pressured to do an activity that the employee felt uncomfortable doing.

McCarthy stated Ramsubhag should not have told the employee to make the delivery to the church during his lunch hour or on company time. In addition, it was inappropriate for Ramsubhag to approve the employee’s time and attendance record for an eight-hour workday when the employee did not complete an eight-hour workday.

McCarthy stated it appeared Ramsubhag was “trying too hard.” McCarthy stated he never forced Ramsubhag to have the wooden pallets delivered to the church. He reiterated that he told Ramsubhag that Zahn did not want them to do anything against policy.

**Statement of Aaron Zahn, former Manager Director and Chief Executive Officer (CEO), JEA**

Aaron Zahn, former Manager Director and Chief Executive Officer (Zahn) stated that in September of 2019 he was teaching his children about volunteering in the community. He took his children to a church in Neptune Beach near their residence. Zahn stated this church was not the church that he attended. Although Zahn knew the street the church was located on, he did not know the exact name of the church.

While Zahn and his children were helping set up a pumpkin patch at the church, he observed many wooden pallets that were old and/or rotten. He explained pumpkins were placed on the wooden pallets within the pumpkin patch. Zahn stated that the woman in charge of the pumpkin

patch (could not recall name) was lamenting that the wooden pallets were old. He told her that perhaps JEA had extra wooden pallets for the pumpkin patch.

Zahn contacted McCarthy and asked if JEA had any extra wooden pallets that were not being used. He also asked McCarthy how JEA disposed of wooden pallets. Zahn asked McCarthy if there was a way JEA could donate the wooden pallets to the church. McCarthy told Zahn he would investigate the appropriate way to make the donation to the church. He advised McCarthy that if JEA could donate the wooden pallets to the church that would be great. However, if JEA could not donate the wooden pallets to the church, then do not do it. Zahn stated he did not instruct McCarthy that the pallets had to be delivered to the church.

Zahn advised that McCarthy called him back and said JEA had extra wooden pallets and there was a JEA surplus process to donate the wooden pallets (surplus materials). McCarthy asked Zahn if he would like for McCarthy to look into this donation and make sure it was done right. Zahn gave McCarthy the contact number for the lady at the church in charge of the pumpkin patch.

On September 27, 2019, McCarthy told Zahn the church representative could not pick up the surplus materials from the IRO. Zahn was aware “*they*” [IRO employees] were trying to arrange transportation of the wooden pallets to the church. Zahn stated he offered to McCarthy that he (Zahn) could use his personal truck and deliver the wooden pallets to the church.

However, the next communication he had with McCarthy was that “*everything is all set,*” everything had been taken care of, and the church was happy. Zahn did not know who McCarthy contacted in order for the wooden pallets to be delivered to the church.

Zahn went back to the church the following weekend to assist with the pumpkin patch and the unidentified lady at the church told him she was so thankful that JEA donated the wooden pallets and several wooden electrical spools.

Zahn was unaware how many wooden pallets and wooden spools were actually provided to the church. However, Zahn understood from McCarthy that JEA procedures had been followed and a volunteer used his personal truck (non-JEA vehicle) and delivered the wooden pallets to the church.

Zahn stated he did not pressure McCarthy to ensure the wooden pallets were delivered to the church. In fact, Zahn stated that he told McCarthy not to make the delivery if it were against JEA policy or government procurement procedures.

Zahn was unaware a JEA employee drove the truck belonging to Ramsubhag’s friend and delivered the wooden pallets to the church.

**Statement of Carlson Ramsubhag, Manager, Investment Recovery Operations,  
Operations Support Services**

Carlson Ramsubhag (Ramsubhag) advised he had been Manager of the IRO since approximately 2003. He had six direct reports, including a Transformer Shop Working Foreman and a Transformer Shop Technician. He reported to the Director, Operations Support Services. In the past, IRO sold surplus materials to the public directly. Several months ago (could not recall date) JEA began selling surplus materials through an online website and prior to this used an online auction website.

The online website was the only location to purchase JEA surplus materials and citizens could no longer purchase surplus materials directly from IRO. However, if more cost effective, IRO would give surplus materials (i.e., wooden pallets and wooden spools) away rather than incur a cost for disposal of the materials.

Ramsubhag explained for wooden electrical reels (spools), wooden pallets, and wooden cross arms, there was a cost for disposal of these items, so JEA would give these materials away for free to individuals. However, he was aware in the past IRO had charged citizens \$5 for wooden spools and wooden pallets would be sold to citizens for \$1 or \$2 per pallet. Citizens would have purchased these materials directly from IRO.

Ramsubhag explained wooden spools came in three different sizes and in the past for resale purposes small spools would be sold for \$5, medium spools would be sold for \$10, and large spools would be sold for \$20. However, currently IRO possessed so many wooden pallets and wooden spools that JEA was currently giving them away to anyone who wanted them.

Ramsubhag explained non-profit and charitable organizations could receive JEA surplus materials as a donation, but a zero-dollar sales agreement had to be completed. The non-profit or charitable organization must provide a 501(c)(3) letter and a one-page *Surplus Material Donation Request Form*.

Ramsubhag stated he wrote the *JEA Investment Recovery Operations Procedure OS A0420 MDRS 110, Sale and Disposal of Surplus* in 2005 and periodically updated the policy, which he had updated effective September 26, 2019.

In 2018, the Supply Chain Specialist, Procurement Inventory Management, Procurement, JEA, was charged with updating all JEA policies and procedures. However, each department was responsible for maintaining and updating their own policies. Ramsubhag stated it was not required for his supervisor (the Director, Operations Support Services) to review and approve a policy update. Ramsubhag was unsure if the Director approved *JEA Investment Recovery Operations Procedure OS A0420 MDRS 110, Sale and Disposal of Surplus* (effective September 26, 2019).

He stated the IRO previously had a surplus policy that allowed for IRO employees to deliver to non-profit and charitable organizations within a certain mileage radius. However, he advised this activity was not reasonable, so he removed this verbiage from the policy in September of 2019. Ramsubhag explained policies and procedures were posted on the GRID and any employee at JEA could view policies online.



Ramsubhag stated employees should adhere to the policies found on the GRID, as these were the approved policies. If a policy was not on the GRID it was not an approved policy. Ramsubhag stated if the policy (effective September of 2019) was not posted on the GRID, he would take full responsibility for that failure. Ramsubhag stated this policy was written using the old policy format (old template) and most likely was not the policy posted on the GRID and was not an approved policy.

Ramsubhag stated that the August of 2016 policy specified that the IRO would charge a \$75 fee to a non-profit or charitable organization if an IRO employee had to deliver surplus materials to the non-profit or charitable organization. However, the delivery had to be within a forty-mile round trip radius from the IRO office.

Ramsubhag recalled on either September 25 or 26, 2019, McCarthy initially e-mailed him and asked about the cost of disposal of the spools. He (Ramsubhag) pulled some data together and e-mailed the information back to McCarthy. On September 25 or 26, 2019, Ramsubhag received a call from McCarthy.

McCarthy asked Ramsubhag what JEA's policy was regarding giving away surplus materials. McCarthy told Ramsubhag that Zahn was inquiring about the policy because Zahn wanted some wooden pallets delivered to a church that Zahn attended in Neptune Beach. McCarthy provided a telephone number for the contact at the church; however, Ramsubhag stated he was not provided with the individual's name.

Ramsubhag did not recall the name of the church, but recalled McCarthy mentioned that the church was setting up a pumpkin patch. He told McCarthy, "*we can give the material away, but we cannot deliver it as that would be a policy violation.*"

Ramsubhag stated on September 25 or 26, 2019, he contacted the church and spoke with a lady (possible the church secretary) and asked if the church had someone who could pick up the surplus material (i.e., wooden pallets and wooden spools) from the IRO. The woman advised there were several individuals at the church who could "*take care of it.*"

On September 27, 2019, Ramsubhag attended a monthly managers/leadership meeting for all JEA managers between 9:00 a.m. and 10:30 a.m., which was held at the downtown Public Library. While at the manager's meeting, Ramsubhag received a telephone call from the IRO Foreman who advised the church could not pick up the surplus materials (wooden pallets and wooden spools) as planned from IRO. Ramsubhag mentioned this to McCarthy at the managers meeting.

After the manager's meeting, McCarthy and Ramsubhag walked back to the JEA tower and went to McCarthy's office. McCarthy wanted to ensure the IRO was adhering to JEA policy regarding the donation and delivery of the surplus materials to the church. Ramsubhag stated he showed McCarthy the surplus policy (effective September 26, 2019).

Ramsubhag stated McCarthy did not instruct him to do anything, he just wanted to know what the policy was regarding delivering the materials to the church. While in McCarthy's office,

Ramsubhag told McCarthy he had a friend who had a truck and trailer, and Ramsubhag could contact him and see if he could borrow the truck and trailer. Ramsubhag told McCarthy that he did not mind asking his friend and would call in a personal favor because “our CEO” [Zahn] asked. Sometime after 11:00 a.m. while in McCarthy’s office, Ramsubhag contacted a friend (a non-JEA employee) and asked to borrow his truck and trailer, to which his friend agreed.

Ramsubhag initially asked a friend if he could make the delivery to the church. However, his friend had to go to work and could not deliver the wooden pallets and wooden spools to the church. His friend advised that he would leave the key available for pickup.

After speaking with his friend, Ramsubhag contacted the IRO Foremen via telephone and asked if he could drive a friend’s truck and trailer to deliver the wooden pallets and wooden spools to the church. He stated the IRO Foremen agreed to deliver the materials to the church. Ramsubhag stated this was a request and was not a direct order and that the IRO Foreman had the option to say “No.”

The IRO Foreman advised Ramsubhag via telephone that he had not taken his lunch (normally from 12:00 p.m. to 1:00 p.m.). Ramsubhag asked the IRO Foreman if he could make the delivery to the church while on his lunch break. Ramsubhag stated the delivery of the wooden pallets and wooden spools to the church was not a JEA work activity. Ramsubhag stated the delivery to the church was done as a personal favor to McCarthy.

Ramsubhag stated he did not feel pressured by McCarthy to ensure the materials were delivered to the church. He stated he wanted to have the surplus materials delivered because McCarthy asked, and he described himself as a “people pleaser.” Ramsubhag advised he had known McCarthy for years. Ramsubhag stated JEA assets were not used to make the delivery and that the IRO Foreman did the delivery on his personal time. He opined it was a nice thing to do and he wanted to help.

Ramsubhag stated he did not recall the IRO Foreman or the Transformer Shop Technician questioning him about the delivery to the church. He stated both employees knew the IRO did not deliver or transport donated surplus materials. Ramsubhag acknowledged that the church in Neptune Beach was outside of the JEA’s service territory.

Ramsubhag stated the church did not go through the proper surplus process of completing required surplus forms for a donation request. However, Ramsubhag stated it was not a normal charitable donation, as the IRO was giving away the wooden spools and wooden pallets for free. Ramsubhag stated he asked the IRO Foreman to obtain a signature of the individual receiving the surplus materials on a “Gate Pass” form upon arrival to the church. This was done to show proof the surplus materials were delivered to the church.

Ramsubhag explained a Gate Pass was used by individuals who came to IRO to pick up surplus materials. The recipient and an IRO employee would sign the form. The form would be shown this form to the security guard upon exiting the JEA yard and indicated what surplus materials the individual could take out of the JEA yard.

Ramsubhag identified one of the signatures on the Gate Pass (dated September 27, 2019) as being that of the IRO Foreman (based on his knowledge of working with the IRO Foreman and observing his signature) and opined the other signature appeared to be an individual, whom he did not know, from the church. The Gate Pass indicated 20 wooden pallets and 4 medium wooden spools were given to the church.

Ramsubhag stated that the surplus policy (effective August of 2016) was violated as the *Surplus Material Donation Request Form* was not completed by the church and submitted to IRO. Ramsubhag believed the use of the Gate Pass was written proof that the delivery had been made to the church.

Ramsubhag explained a JEA truck was not used for the delivery because IRO stopped making deliveries several years ago. He stated McCarthy was aware that Ramsubhag was going to use a friend's personal vehicle for the delivery. Ramsubhag stated McCarthy was "Ok" with Ramsubhag using a personal vehicle for the delivery. However, he was unsure if his direct supervisor was aware that a personal vehicle would be used for the delivery.

Ramsubhag stated he viewed the delivery as him (Ramsubhag) doing a personal favor for McCarthy. However, Ramsubhag stated he was not under any duress or pressure from McCarthy. McCarthy asked Ramsubhag if he and Ramsubhag's friend were okay with making the delivery using the friend's truck and trailer. Ramsubhag stated he did not go into detail with McCarthy. He just told McCarthy "I have a friend that will take care of this." Ramsubhag stated, "I think I said [he] doesn't mind loaning his truck and trailer."

Ramsubhag stated in regard to his direct supervisor's knowledge of the delivery to the church on September 27, 2019, the Director was out of town. Ramsubhag did not speak to the Director until after the delivery took place and the Director had returned to the office. Ramsubhag advised the following week he gave the Director a brief description of the events regarding the delivery to the church.

Ramsubhag stated the church was not charged a \$75 delivery fee because the delivery was made with a personal vehicle and not a JEA vehicle. He reiterated the delivery to the church was not considered JEA work-related activity. Ramsubhag stated he took it upon himself to ensure the wooden pallets and wooden spools were delivered to the church. He contacted his friend and asked to use his friend's truck and trailer. He stated he was just being helpful. Ramsubhag reiterated that McCarthy did not pressure him to have the surplus materials delivered to the church.

The OIG conducted a second interview<sup>5</sup> with Ramsubhag and he stated the following in substance:

On September 27, 2019, after the manager's meeting, Ramsubhag and McCarthy were walking back to the JEA tower (located at 21 West Church Street Jacksonville, Florida) and McCarthy

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<sup>5</sup> Based on information developed during the investigation, the OIG conducted a second interview with Ramsubhag, as a subject, in November of 2019. During the first interview, Ramsubhag was interviewed as a witness.

told him that he *“really wanted to get this done for Zahn.”* Ramsubhag told McCarthy *“let’s think about the options and see what can be done.”* Once in McCarthy’s office, McCarthy mentioned to Ramsubhag that Zahn had a large personal truck and inquired if the wooden pallets and wooden spools would fit in Zahn’s truck. Ramsubhag advised that he did not believe the items would fit in Zahn’s truck.

Ramsubhag advised the policy (effective September of 2019) was not posted on the GRID and was only a working (draft) copy of the policy. He stated after his initial OIG interview (October 31, 2019) he contacted the Supply Chain Specialist, Procurement Inventory Management, Procurement, and asked for her to send him the current surplus policy that was posted on the GRID.

Ramsubhag stated the policy (effective August of 2016) was the approved surplus policy located on the GRID and was the surplus policy that McCarthy and he had reviewed on September 27, 2019, in McCarthy’s office. He stated McCarthy accessed the GRID from his JEA computer and he (Ramsubhag) sat down at McCarthy’s desk and used his computer to retrieve the surplus policy (effective August of 2016) from the GRID.<sup>6</sup> Specifically, McCarthy and he were trying to determine if JEA surplus material could be given away to individuals.

Ramsubhag stated based on the policy (effective August of 2016), JEA had the ability to give away surplus materials such as wooden pallets to any individual. He confirmed based on the verbiage contained in this policy, JEA employees could deliver surplus materials to non-profit organizations within a forty-mile radius from the Investment Recovery Operations office.

Ramsubhag stated because the church could not pick up the surplus materials, he told McCarthy that he had a personal friend who owned a truck and a trailer and that he (Ramsubhag) could contact the friend and ask if he was willing to take the wooden pallets and wooden spools to the church. While in McCarthy’s office, Ramsubhag contacted his personal friend and asked if he could make the delivery to the church. He texted Ramsubhag and told him that he had to go to work, but Ramsubhag could borrow his truck and trailer in order to make the delivery to the church.

Ramsubhag relayed this information to McCarthy and McCarthy made the statement that maybe he (McCarthy) could drive the truck. He told McCarthy that if he was not used to driving a truck with a loaded trailer, he would not recommend it. According to Ramsubhag, McCarthy told Ramsubhag that he really *“would like to get this done for Zahn.”* Ramsubhag told McCarthy that all of his employees had commercial driver’s licenses and would be able to drive the truck with the trailer.

Ramsubhag stated when McCarthy initially contacted him about the wooden pallets Ramsubhag wanted to be helpful. He stated McCarthy did not tell him he had to get the wooden pallets to the church. Ramsubhag wanted to help Zahn by getting the wooden pallets to the church.

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<sup>6</sup> Ramsubhag’s testimony contradicts McCarthy’s testimony about which policy version was reviewed.

McCarthy repeatedly told Ramsubhag that *“he would really like to get this done for Aaron.”* Ramsubhag advised that was why he contacted his friend to borrow his truck.

Ramsubhag stated he did not feel *“pressured”* by McCarthy, but he felt a sense of obligation to McCarthy. Throughout the years McCarthy had been his Director and his Chief. There had been times over the years where he had been *“thrown under the bus”* and had been the *“scapegoat.”* He stated this had cost him raises over the years. Ramsubhag felt that McCarthy’s demeanor towards him was changing and that McCarthy was becoming more positive towards him. He felt he had developed a better relationship with McCarthy.

Ramsubhag believed that if he could not get the donation (wooden pallets and wooden spools) to the church that he would be blamed. There had been some past failures that he was blamed for and he wanted to do the right thing. Initially, Ramsubhag stated he believed he could tell McCarthy *“no,”* but he felt obligated because of McCarthy’s position. He did not believe the donation request was a direct order from McCarthy. However, later he stated he believed he was placed in a position where he could *“not say no.”*

Ramsubhag told McCarthy that he would try to find another friend or someone to drive the truck. After leaving McCarthy’s office, Ramsubhag contacted the IRO Foreman via telephone and the IRO Foreman told Ramsubhag that he had not gone to lunch. Ramsubhag asked the IRO Foreman if he would mind driving the truck. Ramsubhag told the IRO Foreman *“do you mind, I will buy you lunch ... It would be great if we can get this done.”* The IRO Foreman told Ramsubhag *“okay.”*

Ramsubhag stated if the IRO Foreman had told him *“no,”* he would have figured something else out. Ramsubhag stated him offering to buy the IRO Foreman lunch was not an incentive to make the delivery to the church, as he buys the IRO Foreman lunch on occasion. He never actually purchased a lunch for the IRO Foreman for making the delivery to the church, because buying lunch was never brought up again.

Ramsubhag stated he did not pressure the IRO Foreman. He called the IRO Foreman and asked for a *“favor.”* The IRO Foreman said he could make the delivery and never expressed to Ramsubhag that he did not want to make the delivery. Ramsubhag stated he also contacted other employees via telephone prior to speaking with the IRO Foreman and asked if they would drive the truck and they told him *“no.”*

Ramsubhag stated later in the afternoon (on September 27, 2019), the IRO Foreman sent him a text saying the delivery had been completed. He responded to the IRO Foreman’s text and thanked him. Ramsubhag then sent a text to McCarthy and advised that the delivery had been made to the church.

Ramsubhag stated nobody above him (i.e., McCarthy) said they were being pressured, but he thought it was McCarthy that wanted to get the delivery done for Zahn. Ramsubhag did not know if he would have complied with the donation request had the request not come from Zahn (because Zahn was CEO). Ramsubhag stated he probably would not have gone the extra mile if

the donation request had not come from Zahn or McCarthy. He felt an obligation towards McCarthy as he had worked for him for approximately 18 years.

On September 26, 2019, the IRO Foreman and Ramsubhag were discussing updating the surplus policy. Deliveries had been completed in the past, but no fees had been collected. Ramsubhag made the decision to remove the delivery fee from the surplus policy. He confirmed this surplus policy (effective September 26, 2019) was not the approved policy on the GRID and was a draft.

Ramsubhag stated on September 27, 2019, when he was discussing the delivery with IRO Foreman, he did not think about the delivery taking more than an hour of IRO Foreman's time. He stated the delivery would not be considered a JEA work-related activity. He was just trying to get the surplus materials delivered to the church because McCarthy wanted it done.

Ramsubhag stated he never told McCarthy that a JEA employee (IRO Foreman) would be driving his friend's truck and deliver the wooden pallets and wooden spools to the church. Ramsubhag told McCarthy he would have a friend drive and deliver the wooden pallets and wooden spools to the church.

Ramsubhag accepted responsibility for asking the IRO Foreman to make the delivery and putting him at risk. Ramsubhag stated he felt he made bad decisions and used poor judgment regarding the delivery to the church. Ramsubhag stated he felt pressure from McCarthy and took responsibility for his actions.

While in McCarthy's office, McCarthy told Ramsubhag over and over "*I really want to get this done.*" Ramsubhag stated he understood that McCarthy wanted to "*look good*" for Zahn. Ramsubhag stated McCarthy did not become angry with him, raise his voice, or threaten him while discussing this matter.

Ramsubhag stated he never bullied anyone (IRO Foreman) to do something (part of their job or something else). He wished the IRO Foreman would have told him (Ramsubhag) that he felt uncomfortable or did not want to drive the truck to the church. Ramsubhag stated he felt bad if the IRO Foreman felt he was pressured to make the delivery. Ramsubhag also felt pressure from McCarthy and believed he could not tell McCarthy "*No.*" He could now see where the IRO Foreman felt an obligation to Ramsubhag to drive the truck to the church. He stated that he would not deliberately put the IRO Foreman in a bad position. He did things to the best of his abilities and he made some mistakes.

## SUMMARY OF FINDINGS

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The OIG investigation confirmed that Zahn initiated an inquiry into JEA's process for donating surplus materials to a church located in Neptune Beach. This inquiry came through Zahn to McCarthy, who then inquired with IRO staff about the appropriate process. Ramsubhag provided information to McCarthy and subsequently offered to coordinate the surplus delivery to the church on behalf of the request that originated from Zahn. Once Ramsubhag began coordinating the delivery to the church, Zahn was no longer involved. McCarthy consulted with

Ramsubhag to ensure that JEA policies and procedures were followed and Ramsubhag assumed responsibility for the coordination of the delivery. The investigation disclosed that Zahn did not attend the Neptune Beach church.

Based upon records reviewed and sworn testimony obtained during this investigation, Ramsubhag asked the IRO Foreman to deliver surplus materials (i.e., wooden pallets and wooden spools) using a friend's truck and trailer to a church located in Neptune Beach (outside of the JEA territory).

The complainants advised that *JEA Policy Investment Recovery Operations Procedure, OS A0420 MDRS 110 Sale and Disposal of Surplus* (effective September 26, 2019) was violated. However, the investigation determined that the 2019 policy they believed to be in effect was actually a draft policy and not in effect at the time of the delivery.

The policy in effect at the time of the incident was the *JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials, (effective August 1, 2016)*, which was posted on the GRID. The policy allowed IRO to deliver surplus materials to non-profit and charitable organizations for a maximum of forty miles round trip and a \$75 delivery fee. The OIG determined that IRO did not charge the delivery fee to the church and that the church, although a de minimus amount, was located over the forty roundtrip miles and that the donation was not handled in accordance with the policy.

The investigation determined that Ramsubhag was not forthright in his explanation to McCarthy in that he failed to disclose that he (Ramsubhag) asked his subordinate to deliver the surplus materials outside of JEA's territory using a truck and trailer that was provided by a friend of Ramsubhag. The investigation determined that the delivery violated *JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials, (effective August 1, 2016)*. The investigation determined that Ramsubhag, as supervisor, requested a subordinate employee to perform a non-related JEA activity, which put the JEA employee at risk.

Additionally, Ramsubhag also approved an inaccurate time and attendance record on behalf of the IRO Forman as outlined in the next section.

### **ADDITIONAL INVESTIGATIVE INFORMATION**

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During the OIG investigation, the OIG discovered that the IRO Foreman's time and attendance record for September 27, 2019, was inaccurate. The time and attendance record specified an eight-hour workday. However, per records reviewed and testimony, the IRO Foreman spent between two and three hours (non-JEA activity) picking up the personal truck and trailer, loading the trailer with the surplus materials (i.e., wooden pallets and wooden spools) and delivering the surplus materials to the church and returning to the IRO. All of which, per testimony, were not a JEA activity.

In addition, the investigation determined that because Ramsubhag asked the IRO Foreman to drive a friend's personal vehicle, rather than a JEA vehicle, in order to make the delivery to the

church, if the IRO Foreman had been involved in a vehicle crash, JEA's insurance would not have covered the IRO Foreman.

### **OIG RECORDS REVIEW**

#### **City of Jacksonville Ordinance Code**

*City of Jacksonville Ordinance Code §602.401 Misuse of position, information, resources, etc.*

*Sec. 602.401. - Misuse of position, information, resources etc., specifies in part:*

*(a) Misuse of position, title, or authority. It is a violation of this Chapter for an officer, or employee of the City or an independent agency to intentionally use his or her official position, title or any authority associated with his or her public office to coerce, induce or attempt to coerce or induce another person, or otherwise act in a manner inconsistent with official duties...*

*(d) City Officers and employees should recognize their responsibility to protect and conserve City property and resources, and to make an honest effort to use official time and City property only for official business. To that end:*

*(2) Misuse of time. It is a violation of this Chapter for an officer, employee of the City or an independent agency to use the official time of a City employee for anything other than official City business.*

#### **Time and Attendance Record for September 27, 2019**

During the OIG investigation the OIG reviewed the IRO Foreman's JEA time and attendance record for the period September 16, 2019 through September 27, 2019. The OIG specifically reviewed information related to September 27, 2019 and found the following:

- IRO Foreman entered an 8-hour day (Regular Pay).
- No annual leave was used on this date.
- Ramsbhag approved the time and attendance record.
- No comments were entered by IRO Foreman or Ramsbhag in the time and attendance record regarding the surplus material delivery to the church.

Based on information obtained from JEA Payroll Services, the hourly rate for the IRO Foreman at the time of the incident was \$37.64. Approximately, \$112 was inaccurately recorded as Regular Hours for time spent related to the delivery of surplus items to the church.

### **TESTIMONY**



**Statement of Transformer Shop Working Foreman, Investment Recovery Operations, Operations Support Services**

On September 27, 2019, the Transformer Shop Working Foreman (IRO Foreman) was paid for an eight-hour workday, and the time and attendance record for September 27, 2019 was *not* accurate because the delivery of the wooden pallets and wooden spools to the church was conducted during work hours. The IRO Foremen did not enter any comments into the time and attendance system to indicate the delivery to the church.

Ramsubhag instructed him to proceed with the delivery using Ramsubhag's friend's personal vehicle during JEA work hours. The IRO Foremen did not use annual leave to make the delivery because Ramsubhag had authorized the IRO Foreman to make the delivery on JEA work time.

The IRO Foreman stated if he would have been involved in a vehicle crash in the non-JEA vehicle while driving to the church or the return trip back to the JEA facility, he was unsure if he would have been covered by JEA insurance.

**Statement of Director, Operations Support Services, JEA**

The Director opined the IRO Foreman's JEA time and attendance record for September 27, 2019, was inaccurate because the delivery to the church in a personal vehicle was a non-JEA work activity. The time used to pick up the personal vehicle and trailer, load the surplus materials onto the trailer, and drive to the church should *not* have counted towards an eight-hour workday. The Director stated the IRO Foreman should have taken annual leave to make the delivery to the church. He was unaware Ramsubhag authorized the IRO Foreman to make the delivery while on JEA work time.

**Statement of John McCarthy, former Vice President and Chief Supply Chain Officer, JEA**

McCarthy stated it was not acceptable for a JEA employee to deliver the donated surplus materials while on JEA work time. He stated he considered that "*stealing from the company.*"

McCarthy was unsure if the IRO Foreman would have been covered by JEA insurance in the event of a vehicle crash, while driving the personal truck to and from the church.

**Statement of Director of Risk Management Services, JEA**

The Director of Risk Management Services stated JEA had multiple self-insurance programs for automobile, workers compensation, general liability, and property insurance. He stated if an employee were on a lunch break, JEA insurance would still cover the employee if the employee were driving a JEA vehicle.

If the employee were driving a non-JEA vehicle during work hours the employee's own personal insurance would be liable to cover the cost associated with the vehicle crash. So, if an employee

were involved in a vehicle crash in their personal vehicle the employee would *not* be covered by JEA/COJ insurance.<sup>7</sup>

**Statement of Carlson Ramsubhag, Manager, Investment Recovery Operations, Operations Support Services, JEA**

Ramsubhag stated the IRO Foreman made the delivery to the church partially during his lunch hour (12:00 p.m. to 1:00 p.m.) and was also paid by JEA for any time over the one-hour lunch break that it took to complete the delivery. The IRO Foreman did not take annual leave and was paid as normal work hours. Ramsubhag approved the IRO Foreman's time and attendance for September 27, 2019 and acknowledged that the time was inaccurate because IRO Foreman did not work an entire eight-hour workday due to the delivery to the church, which was not considered official JEA work activity. When he approved (a week after September 27, 2019) the IRO Foreman's time, which included September 27, 2019, Ramsubhag was not thinking that the entry was not accurate.

Ramsubhag stated if the IRO Foreman had been in an accident during the delivery to the church, the IRO Foreman's personal vehicle insurance would have covered him in the crash. He stated JEA's vehicle insurance would not have covered the IRO Foreman because he was not driving a JEA vehicle. JEA's insurance would only cover an employee driving a JEA vehicle.

Ramsubhag stated he did not think about what would happen to the IRO Foreman if he had been in a vehicle crash in his friend's truck driving to or from the church. He did not consider this at the time and was only concerned with performing a "task" at the direction of McCarthy. Ramsubhag stated he felt that it was important to McCarthy that he ensure the wooden pallets and wooden spools were delivered to the church. He did not think about the risk associated with the IRO Foreman driving the non-JEA vehicle for a non-JEA work activity.

## CONCLUSION

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The OIG investigation *substantiated* that Ramsubhag directed the IRO Foreman to deliver JEA surplus materials (20 wooden pallets and 4 wooden reels [spools]) to a church located in Neptune Beach, Florida, on September 27, 2019, outside of JEA's territory, on official time, using Ramsubhag's friend's vehicle and trailer, and in a manner non-compliant with *JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials (effective August 1, 2016)*.

In addition, the OIG investigation *substantiated* that Ramsubhag approved the IRO Foreman's time and attendance for September 27, 2019, inaccurately capturing an eight-hour workday that did not take into consideration approximately three hours of time spent related to picking up Ramsubhag's friend's truck and trailer, delivery to the church, and the return of the truck and trailer, none of which was considered official JEA work-related activity.

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<sup>7</sup> Per Florida Statute §768.28, Waiver of sovereign immunity in tort actions; recovery limits; limitation on attorney fees; statute of limitations; exclusions; indemnification; risk management programs, whether an employee is covered is based, in part, on whether the employee was acting in the course of his or her employment or function.

Finally, the investigation concluded that Ramsubhag's actions related to this incident were in a manner inconsistent with his official duties in violation of *Ordinance Code §602.401 Misuse of position, information, resources, etc.* Specifically, Ramsubhag was not transparent with his superiors about the circumstances surrounding this incident, put a JEA employee at potential risk by having the employee drive a vehicle and trailer owned by a friend of Ramsubhag to conduct a non-JEA work activity outside of the JEA's service territory, and approved an inaccurate time and attendance record.

#### IDENTIFIED, QUESTIONED AND AVOIDABLE COSTS

Identified Costs: **De Minimus Amount, approximately \$112**

Identified Costs/Recoverable Funds are defined as losses from disbursements or activities associated with fraudulent or negligent activity, or mismanagement, which have a substantial likelihood of recovery.

#### RECOMMENDED CORRECTIVE ACTIONS

The OIG recommends the following corrective actions:

1. Review and determine if any updates to the *JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials, (effective August 1, 2016)* are needed and reflect current operating procedures. Provide the OIG with a copy of any updated policy which reflects an effective date and approval authority.
2. Notify the OIG of any personnel action(s) (including all outcomes) taken as a result of this investigation.

#### WHISTLE-BLOWER'S RESPONSE

On October 20, 2020, the OIG met with WBs to review and discuss a copy of the draft Report of Investigation. The OIG provided the WBs an opportunity to submit a written explanation or rebuttal to the findings in the draft Report of Investigation, due on or before October 30, 2020. On October 20, 2020, the WBs advised OIG that the WBs had no comments related to the draft Report of Investigation.

#### RAMSUBHAG'S RESPONSE

On October 19, 2020, the OIG mailed a copy of the draft Report of Investigation to Ramsubhag's residential address on file via certified mail. The OIG provided Ramsubhag an opportunity to submit a written explanation or rebuttal to the findings in the draft Report of Investigation, due on or before October 29, 2020. On October 29, 2020, the OIG received a written response from Ramsubhag. The response is attached in its entirety to this report.

**MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS**

On October 19, 2020, the Interim Managing Director and Chief Executive Officer, JEA, was provided the opportunity to submit a written explanation or rebuttal to the findings in the draft Report of Investigation (ROI), due on or before November 9, 2020. On November 2, 2020, and again on November 19, 2020, the OIG granted JEA Management's requests for extension until December 14, 2020.

On December 14, 2020, a written response was received from the Interim Chief Compliance Officer, JEA. The response is attached in its entirety to this report.

JEA Management advised that the *JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials*, was updated on September 11, 2020 and is posted on JEA's Policy Tech site. In addition, JEA advised that Ramsubhag was released from employment on December 10, 2020.

**Attachments:**

- 1- Ramsubhag's response dated October 29, 2020
- 2- JEA Management Response, dated December 14, 2020

cc: IG Distribution 2020-0001WB

**This investigation has been conducted in accordance with the ASSOCIATION OF INSPECTORS GENERAL Principles & Quality Standards for Investigations.**

October 29, 2020

Office of Inspector General  
Lisa A. Green, Inspector General  
PO Box 43586  
Jacksonville, FL 32203

RE: Response to DRAFT Report of Investigation  
Office of Inspector General Investigation Number 2020-001WB

Dear Ms. Green:

I am in receipt of the DRAFT Report of Investigation, Office of Inspector General Investigation Number 2020-001WB (the "DRAFT Report") that was included with your cover letter dated October 19, 2020. I have reviewed both the cover letter and the DRAFT Report, and have reached the conclusion that I need to respond as it included several false and/or inaccurate statements. The DRAFT Report was not prepared with section numbers; therefore, I will refer to the page number so that I may cite the individual's false and/or inaccurate statement followed by the true and accurate statement as to what actually occurred. In order to keep the parties involved clear and in keeping with the writing of the DRAFT Report, I refer to myself in the third person throughout.

### **False/Inaccurate Statement**

Page two and page four – "[Mr.] Ramsubhag directed the IRO Foreman to use a personal vehicle owned by a friend of [Mr.] Ramsubhag to deliver the surplus material [20 wooden pallets and 4 wooden reels to a church in Neptune Beach]."

### **True/Accurate Statement**

Mr. Ramsubhag did not direct the IRO Foreman to use a personal vehicle to deliver the pallets and reels to the church. In fact, Mr. Ramsubhag was asked to get the reels and spools delivered to the church attended by Aaron Zahn, who was, at the time, the Managing Director and Chief Executive Office of JEA, by John McCarthy, who was, at the time, the Vice President and Chief Supply Chain Officer of JEA and reported to Mr. Zahn. Mr. Ramsubhag was acting under the direction of Mr. McCarthy and Mr. Zahn. Branden Schumacher, the IRO Foreman, in fact said he would assist Mr. Ramsubhag with the process of getting these items delivered. Mr. Schumacher had recently been made aware through a secret document that became public when the IBEW Union demanded a copy of it and distributed it that his job was going to be eliminated. In fact, when they were discussing the delivery, Mr. Schumacher stated, "*just tell John [McCarthy] & Aaron [Zahn] to not fire me when the company sells*". Mr. Schumacher believed that by assisting with the delivery, he would be put in a good position with Mr. McCarthy and Mr. Zahn. Mr. Ramsubhag was arranging for the delivery that had come down the chain of command from Mr. Zahn to Mr. McCarthy and then to him. Mr. Ramsubhag was

acting on behalf of his superiors in arranging for the delivery and Mr. Schumacher wanted to help in doing so in order to gain favor with Mr. Zahn and Mr. McCarthy.

### **False/Inaccurate Statement**

Page eight – [Mr.] Ramsubhag asked the IRO Foreman [Mr. Schumacher] if he wanted to make the delivery to [Mr.] Zahn’s church, and the IRO Foreman said *“I don’t want to do it.”*

### **True/Accurate Statement**

Mr. Schumacher’s made no such statement. Mr. Schumacher was enthusiastic about helping with the delivery, as discussed above, to improve his position with Mr. Zahn and Mr. McCarthy. His enthusiasm to help is also evidenced by the fact that he said he did not mind helping because he had not yet taken a lunch break and could make the delivery on his lunch break.

### **False/Inaccurate Statement**

Page nine – In addition, [Mr.] Ramsubhag told him [Mr. Schumacher] to count the delivery as work hours to *“just get it done.”*

### **True/Accurate Statement**

At no time did Mr. Ramsubhag make the above statement to Mr. Schumacher. It is not Mr. Ramsubhag’s job, much less his habit or practice, to order people to perform in that manner. Mr. Schumacher’s statement that Mr. Ramsubhag said to *“just get it done”* is false.

### **False/Inaccurate Statement**

Page – nine The IRO Foreman [Mr. Schumacher] did not agree with delivery of surplus materials to the church because he believed it would be a violation of JEA policy.

### **True/Accurate Statement**

Mr. Schumacher never made or conveyed this statement to Mr. Ramsubhag. Mr. Schumacher never told Mr. Ramsubhag that he believed the delivery would be a violation of JEA policy.

### **False/Inaccurate Statement**

Page nine – The IRO Foreman [Mr. Schumacher] stated JEA frequently turned down requests from citizens and non-profit organizations for various reasons. The IRO Foreman [Mr. Schumacher] told [Mr.] Ramsubhag *“You know this is a violation of policy”*, and Ramsubhag responded, *“do it anyway”*.

### **True/Accurate Statement**

Mr. Schumacher’s statements are false. Mr. Schumacher has never worked directly with non-profits and is unfamiliar with JEA policies. Instead of looking up JEA policy, Mr. Schumacher always came to Mr. Ramsubhag for direction. Mr. Schumacher’s never said *“you know this is against policy.”* Mr. Ramsubhag did not and would not tell Mr. Schumacher to *“do it anyway”* as Mr. Ramsubhag would not tell Mr. Schumacher to do something that was against JEA policy.

## **False/Inaccurate Statement**

Pages twelve through sixteen – Mr. McCarthy’s statements regarding policy changes and his understanding of it in this section are also false and inaccurate.

## **True/Accurate Statement**

Mr. McCarthy’s primary focus was to take care of Mr. Zahn. The policy that was updated on 9/29/2019 is a draft departmental working copy, which Mr. Schumacher provided to OIG as evidenced by his statement to Mr. Ramsbhag following his OIG interview. Policy updates are made in PolicyTech and sent to the Director for review and approval. To prevent misinterpretation in the future, the working draft has been removed from SharePoint and the only document for this process resides in PolicyTech. During the investigation with Ramsbhag, the OIG investigators recommended removing the draft/working copy of procedure MDRS 110 from SharePoint and only use PolicyTech to perform updates which requires routing/approval by the Director of Organizational Support Services (OSS).

## **Additional Information**

Following delivery to the church, Mr. McCarthy called and thanked Mr. Ramsbhag for taking care of Mr. Zahn’s request. He also spoke to Mr. Ramsbhag of it at a United Way event one week following September 29, 2019, at the Brick & Beam on Main Street, and further extended his thanks to Mr. Ramsbhag for helping Mr. Zahn.

At the same event, Keri Stewart, then Chief Customer Officer of JEA, approached Mr. Ramsbhag and stated that someone from Commonwealth Service Center called her and threatened to call OIG regarding the donation of the material to Mr. Zahn’s church. At the same event, Mr. Ramsbhag conveyed the information obtained from Ms. Stewart to Mr. McCarthy. Mr. McCarthy’s response was “Oh wow.”

Further, the material given to the church at the request of Mr. Zahn is material that JEA throws away or gives to the public at no charge. Mr. Schumacher did not follow the process by initiating a zero-dollar sales agreement but rather used a property pass to deliver the material. Mr. Schumacher elected to take a short cut then falsely stated he was instructed to do so. Mr. Schumacher should be responsible for his actions.

Finally, this is a product that if thrown away, would increase cost to the organization via the landfill contract, which is under the administration of IRO as well. The weight of the delivered items would be about 2.5 tons which, under the garbage contract, would have a disposal cost of \$252.08.

## **Conclusion**

Mr. Ramsbhag was also under a great deal of pressure from Mr. McCarthy to “make things happen” and his position was also in jeopardy of being eliminated. Mr. McCarthy has used Mr. Ramsbhag as a scapegoat in this situation as he has done previously. Mr. McCarthy’s primary purpose was to gain favor with Mr. Zahn; especially since he worked closely with Mr. Zahn on

the ITN on the sale of JEA. Mr. Ramsubhag did what was requested by his superior Mr. McCarthy. Mr. McCarthy's statements to Mr. Ramsubhag that *"I really want to get this done for Aaron"*, *"It really would be nice if we could do this"*, and *"It's for the kids at his church"* placed undue pressure on Mr. Ramsubhag to get the task done to take care of Mr. Zahn. Mr. Ramsubhag believed that his job was dependent on completing this request on behalf of Mr. Zahn. Therefore, Mr. Ramsubhag made sure the delivery happened for Mr. Zahn and Mr. McCarthy so that he would be able to remain a JEA employee.

Please let me know if you have any questions or need any more information regarding any of the above. Thank you for the opportunity to provide clarification on the DRAFT Report.

Sincerely,

*Carlson D. Ramsubhag*  
Manager, Investment Recovery Operations

Electronic Signature

Cc: File



21 West Church Street  
Jacksonville, Florida 32202-3139

RECEIVED  
DEC 14 2020

BY: ...Andrew McFarlane  
Hand Delivered by  
Steve Tuttle. 12/14/20 @  
12:35 p.m.

December 14, 2020



Ms. Lisa A. Green  
Inspector General  
Office of Inspector General, City of Jacksonville  
231 E. Forsyth Street, Suite 470  
Jacksonville, FL 32202

ELECTRIC

WATER

SEWER

Subject: JEA's Management Response Pursuant to OIG Report of Investigation  
Number 2020-0001WB

Dear Ms. Green:

We are herein providing our management response to your DRAFT Report of Investigation dated October 19, 2020, which includes a summary of our corrective action plan, and its status.

### **Recommended Corrective Actions**

1. Review and determine if any updates to the *JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials (effective August 1, 2016)* are needed and reflect current operating procedures. Provide the OIG with a copy of any updated policy which reflects an effective date and approval authority.

### **Management's Response**

The OIG report lists two procedures for the sale and disposal of surplus materials: (1) Investment Recovery Operations Procedure, OS A0420 MDRS 110 Sale and Disposal of Surplus (effective September 26, 2019); and (2) JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials (effective August 1, 2016). The report referenced the latter as the basis for this investigation.

This same Organizational Policy and Procedure (OPP) is in effect as of the date of this response, and is enclosed herein. It was most recently updated on September 11, 2020, and is also posted on the JEA Policy Tech site.

2. Notify the OIG if any personnel actions(s) (including all outcomes) taken as a result of this investigation.

### **Management's Response**

The personnel action executed by the Interim Chief Supply Chain Officer as a result of this report's findings was the release from employment of the subject Manager of Investment Recovery Operations, Carl Ramsubhag. The action was taken on December 10, 2020, and he was immediately relieved of his duties.

Please contact me if you need additional information regarding our corrective action plans.

Sincerely,



Steven V. Tuten  
Interim Chief Compliance Officer  
JEA  
21 W. Church Street, T16  
Jacksonville, 32202  
(904) 665-5206; [tutesv@jea.com](mailto:tutesv@jea.com)

Cc: Mr. Jay Stowe, Managing Director & Chief Executive Officer  
Ms. Jodi Brooks, Chief Legal Officer

Enclosure: JEA Organizational Policy & Procedure: Sale and Disposal of Surplus Materials (13 pages)

	ORGANIZATIONAL	Sale and Disposal of Surplus Materials		
	POLICY & PROCEDURE:			
	Corporate Policy Ref:			
Version Effective Date:	August 1 <sup>st</sup> , 2016	Version:	5	

**POLICY STATEMENT:** JEA shall establish a uniform procedure for the disposal of material deemed as surplus to the needs of JEA. This procedure shall conform to all applicable legal provisions and provide adequate safeguards against unwarranted relinquishment of JEA material. JEA shall utilize all venues available to maximize the return on investment for surplus materials. JEA will utilize best practices to minimize inventory levels of these items wherever possible.

**GENERAL DESCRIPTION of PROCEDURE:**

- Assign responsibility for the disposal of surplus JEA material
- Establish terms and conditions by which surplus JEA material may be disposed
- Establish a means of coordination with the Manager of Investment Recovery Operations
- Provide for the economic and efficient disposal of surplus JEA material
- Provide for the maximum recovery of value in the disposal process

Investment Recovery Operations (IRO) will deal with surplus items in a manner that is consistent with JEA’s rules, procedures, and guidelines set forth by State and Federal agencies.

Each department will be responsible for turning over material declared surplus to IRO. Documentation will accompany all surplus material (i.e., surplus form, material inventory list). IRO will record all asset information received and notify JEA Asset Accounting of the retirement of the inventoried assets.

**RECOVERY AND ASSIGNMENT OF FUNDS**

All funds derived from the sale of surplus JEA Property will be allocated in accordance with covenants under which debt obligations of JEA have been issued. The JEA Treasury Department is responsible for administering the allocation of the funds derived from the sale of surplus material.

**ASSIGNMENT of RESPONSIBILITY:** The Manager of Investment Recovery Operations is responsible for establishing and maintaining this Procedure, monitoring its effectiveness, and making changes as needed to minimize defects and reduce costs. All managers, staff and employees are responsible for compliance with this procedure and any supporting procedures.

**DEFINITIONS:**

- **Surplus Material** – Any item(s) deemed obsolete, overstocked, removed as a result of upgrades, changes to original equipment manufacturer (OEM), (i.e. replaced by different OEM of new JEA Standard), or any item deemed to be no longer needed by the organization.
- **Identification of Excess and Surplus Materials** - JEA managers are responsible for identifying excess and surplus materials within their organizational element in accordance with JEA operational procedures
- **Surplus form** – An online [Form](#) or in the absence of computer, a three-tier carbonless paper document which is completed and signed by the Manager of the organizational element authorizing the declaration of materials as surplus.

OPP:	Sale and Disposal of Surplus Materials	Version:	5
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- **Documentation** – Copies of original drawings, complete item description, JEA material tag reference, serial numbers, or any other detail associated with the asset being declared surplus.
- **No Value/Expendables** – Items that have an expiration date – reduced shelf life.
- **Hazardous Waste** – According to the definition found in Title 40 of the Code of Federal Regulations (CFR) Part 261: [Identification and Listing of Hazardous Waste](#)
- **Scrap Metal** – Any ferrous or non-ferrous metal removed from service, bid to scrap metal contractors and tied to a national or international index to determine value – may include, metal wire & cable, building materials, electrical or electronic units, etc.
- **Contractor Credit** – credit as used in this procedure refers to the value of scrap metal or trade-in value of retired equipment in exchange for a reduction in cost for work to be performed or purchase of replacement equipment. Credits must be submitted in writing and included as line items of the JEA bid form during the “bid process”.
- **Private Citizens** – any person in the private community, which includes individuals employed directly or contractually by JEA, excluding those working for the IRO department.
- [www.IronPlanet.com](http://www.IronPlanet.com) – a contracted auction company that utilizes an online platform where private citizens may bid to purchase surplus assets.
- [JEAIRO.com](http://JEAIRO.com) – a secure electronic mailbox established for private citizens to communicate with the JEA Investment Recovery Operations team.
- **Awards Committee** - The chief executive officer shall approve those actions of the Awards Committee set forth in Section 2-404(2) (Duties of the Awards Committee) JEA Purchasing Code
- **Fair Market Value (FMV)** - Fair market value differs from the intrinsic value that individuals place on the same asset based on their own preferences and circumstances. Prospective buyers and sellers are reasonably knowledgeable about the asset in which they behave in their own best interests, free of undue pressure to purchase, sell, or trade.
- **Electronics** – of, relating to, or utilizing devices constructed or working by the methods or principles of electronics; an item containing wires, components, devices and equipment.
- **American Metals Market (AMM)** - Resource for metals industry news, pricing and information helping IRO to manage, operate and make strategic purchasing decisions for their company. With its global editorial network and proprietary pricing information covering the steel, non-ferrous and scrap markets, American Metal Market (AMM) and its related products are the one source for all of your metals industry intelligence. [www.amm.com](http://www.amm.com)
- **Investment Recovery Association (IRA)** - The professional organization for managers of surplus and idle assets with access to a diverse group of suppliers within the industry. With corporate investment recovery (IR) departments and the many organizations providing specialized services for them, the IRA is the premier resource for companies and individuals engaged in the professional management of surplus and idle assets. [www.invrecovery.org](http://www.invrecovery.org)
- **The Florida Department of Environmental Protection (FDEP)** - Lead agency in state government for environmental management and stewardship and is one of the more diverse agencies in state government, protecting our air, water, and land. The Department is divided into three primary areas: Regulatory Programs, Land and Recreation and Policy and Planning. Florida's environmental priorities include restoring America's Everglades, improving air quality, restoring and protecting the water quality in our springs, lakes, rivers and coastal waters, conserving environmentally-sensitive lands and providing citizens and visitors with recreational opportunities, now and in the future. [www.dep.state.fl.us](http://www.dep.state.fl.us)
- **Environmental Protection Agency (EPA)** - Government agency whose goal is to protect human health and the environment for the American people utilizing a variety of federal

research, monitoring, standard-setting and enforcement activities to ensure environmental protection. When Congress writes an environmental law, EPA implements it by writing regulations. Often, national standards are set that states and tribes enforce through their own regulations and assist with enforcing EPA regulations and help companies understand the requirements. [www.epa.gov](http://www.epa.gov)

- **The Institute for Supply Management™ (ISM)** - The largest supply management association in the world whose mission is to lead the supply management profession through its standards of excellence, research, promotional activities, and education. ISM's membership base includes more than 40,000 supply management professionals with a network of domestic and international affiliated associations. ISM is a not-for-profit association that provides opportunities for the promotion of the profession and the expansion of professional skills and knowledge. [www.ism.ws](http://www.ism.ws)
- **Nonprofit Organizations (NPO)** - NPOs have controlling members or boards that have paid staff members including management, while others employ unpaid [volunteers](#), and even executives who work with or without compensation (occasionally nominal). Where there is a token fee, in general, it is used to meet legal requirements for establishing a contract between the executive and the organization. Designation as a nonprofit does not mean that the organization does not intend to make a profit, but rather that the organization has no owners and that the funds realized in the operation of the organization will not be used to benefit any owners. The extent to which an NPO can generate surplus revenues may be constrained or use of surplus revenues may be restricted.
- **Degaussing** - The process of decreasing or eliminating a remnant magnetic field used. Degaussing is used to reduce magnetic fields in CRT monitors as well as destroy data held on magnetic data storage.
- **Total Cost Benefit (TCB)** – The sum of gross sales revenue plus the fair market value of surplus assets internally transferred/redeployed plus other cost avoidance measures (resulting in the conversion of a negative cash flow into a zero or positive cash flow and/or the reduction of published, advertised, or quoted cost of goods or services through negotiations). The total Cost Benefit Dollars (average) is calculated by summing the following data:
  - Investment Recovery revenue (gross sales)
  - Fair Market Value of surplus assets internally transferred/redeployed for internal re-use during the previous calendar year
  - Other cost avoidance

**PROCEDURE:**

**A. General Provisions**

Responsibility	Action
	<ul style="list-style-type: none"> <li>• The Manager of Investment Recovery Operations has the general responsibility for the disposal of surplus JEA material. All departments having surplus material will coordinate with the IRO office</li> </ul>
	<ul style="list-style-type: none"> <li>• Procedures are established herein for the disposal of certain categories of surplus material such as cable, wire, motors, generators, turbines, transformers, recyclable lead acid batteries, and any other items that holds residual value on the secondary market and is not considered "expendable". JEA IRO Management may add other categories when necessary.</li> </ul>

	<ul style="list-style-type: none"> <li>• For the most economical disposal of surplus material, JEA Managers will coordinate with the Manager of Investment Recovery Operations to ensure that these procedures are followed correctly. By signing and submitting a surplus form to IRO, the JEA business unit Manager is affirming that the material is no longer needed by the organization and is deemed surplus based on the following: <ul style="list-style-type: none"> <li>○ Obsolescence</li> <li>○ Damaged</li> <li>○ Excess</li> <li>○ Expired</li> <li>○ Non-compatible with new technology</li> <li>○ Original Equipment Manufacturer (OEM) no longer used</li> <li>○ The surplus has been removed from service within JEA computerized tracking system</li> <li>○ Condition of equipment if known</li> <li>○ JEA has Free and Clear Title of the material being surplus</li> </ul> </li> </ul> <p>Receipt of the signed surplus form serves as the "Notice to Proceed" for IRO to begin marketing the item/material for sale on the open market via our web platform or via other contracts awarded under the Formal Bid &amp; Award process.</p>
	<ul style="list-style-type: none"> <li>• The IRO staff will research appropriate markets in order to determine the residual values for surplus material. Following market research, if it is determined that surplus items do not have resale value in the secondary market due to market saturation, obsolescence, or age of product; IRO staff will provide a written recommendation to the Manager, IRO which the manager will use to review and provide concurrence with the recommendation prior to authorizing disposal. IRO staff will document research activity in the material file for audit purposes. The Manager, IRO reserves the right to reject staff recommendations if it is determined that further research is required prior to disposal authorization. Upon final determination, items deemed surplus will be transported to appropriate landfill, recycling facility, or other acceptable legal means of disposal.</li> </ul>
	<ul style="list-style-type: none"> <li>• Following the sale or disposal of a unit of material, the Manager, Investment Recovery Operations and staff will begin coordination of paperwork with JEA Asset Accounting for the completion of material records reflecting the sale or disposal of surplus JEA material.</li> </ul>
	<ul style="list-style-type: none"> <li>• The JEA Awards Committee must approve surplus material in excess of \$300,000 in value where the Business Unit is responsible for presenting the items and having them declared surplus. Upon approval by the JEA Awards Committee, appropriate advertising by IRO will be placed to secure sealed bids for sale of the material. If sealed bids are received at or above the appraised value, a recommendation will be made to the JEA Awards Committee for final approval of the sale. If no bids are received above the appraised value, bidding will resume once again under the same conditions as above. If sealed bids are not received above the appraised value after the second bid, the bid results will be presented to the JEA Awards</li> </ul>

	Committee for recommendation on next steps in determining correct and most cost effective disposal method.
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**B. Scrap Metal**

***B.1. Each JEA department whose operation involves the accumulation of saleable scrap metal is responsible for the appropriate storage and security thereof until sale. The IRO Department is responsible for coordinating the sale of all scrap by the applicable method to suit disposal needs. The following methods of scrap sales will be coordinated by JEA IR:***

Action	Description
<b>One Time Bid</b>	<ul style="list-style-type: none"> <li>This method will be used when it is convenient to accumulate special scrap metals or excess cable and wire stored on reels for a period of time by the JEA Business Unit or IRO prior to bidding. For the purposes of bidding, the Business Unit will provide a total estimated quantity of material. A variance of +/- 10% total weight is permitted when using this method.</li> </ul>
<b>Extended Contract</b>	<ul style="list-style-type: none"> <li>This method is used as the JEA standard for scrap metal accumulation at the Westside, Southside, Northside, Pearl Street, and other facilities where scrap metal bins are set up to receive excess scrap metal for resale. Conditions will dictate removal of scrap from accumulation points. The Manager of Investment Recovery Operations in conjunction with JEA Procurement will determine the length of the contract and will decide if termination and re-bidding is necessary based on metal market conditions. If the contract term exceeds JEA standard term limits then the Manager of Investment Recovery Operations will present a business case for Awards Committee evaluation and approval. The contract will specify each grade of scrap to be sold and the price for each grade will be dependent upon the market price as indicated by an accepted metals market publication on the day the scrap is picked up.</li> </ul>
<b>Open Bid/Extended Contract</b>	<ul style="list-style-type: none"> <li>In this section large electrical plant and machinery (i.e. rotors, turbines, and substation class transformers ≥30 years in age) is covered. All items coming out of service will be placed for bid on the open market. Upon written notification that the aforementioned material is decommissioned, JEA will attempt to first bid the units on the open market via the competitive bid process. Results produced from bidding will be evaluated against the AMM index percentage referenced in all awarded scrap material Contracts. If the prices in the Contracts are higher than the bid results, the sale of scrap will be awarded to the Company. JEA reserves the right to accept, or reject bids in whole or in part and to make award in the best interest of JEA.</li> </ul>

**C. Material Purge**

Responsibility	Action
	<ul style="list-style-type: none"> <li>It is acknowledged that at various times due to an inventory purge, obsolescence, change of system design, or expiration, specialized utility materials will be accumulated as excess in relation to the needs of the system. This material is categorized as <u>inventory</u> and <u>non-inventory</u>. Operational Support Services Warehouse Manager will be responsible for</li> </ul>

	<p>inventory stock and the using JEA Departments will be responsible for non-inventory material and equipment.</p>
	<ul style="list-style-type: none"> <li>Items identified as excess to the needs of the system will be listed on a Surplus Form accompanied by a spreadsheet listing each line item by the responsible JEA Department. The manager of the JEA department must approve the form via signatures then contact IRO who will determine the best method for handling of the surplus material. JEA Departments conducting large projects shall coordinate with IRO to determine if scrap metal produced by the project falls under one of the contracted scrap metal categories. Occasionally, scrap metal credits applied to offset project costs, and may be included as a line item on the bid sheet; this applies to both Formal and Informal bids as outlined in the JEA Purchasing Code.</li> </ul>
	<ul style="list-style-type: none"> <li>All Inventory items that have been replaced due to the updating of JEA specification requirements as well as all expired/damaged inventory will be immediately marked for disposal or, (if possible) redeployment and will not be subject to a 60 day hold unless specifically requested by the director of Operational Support Services (see Section VIII: Item 2).</li> </ul>
	<ul style="list-style-type: none"> <li>The following formula is used to determine where removal of surplus will create a hardship for the organization or be uneconomical for sale to a second party or disposed of for scrap value: <ul style="list-style-type: none"> <li style="text-align: center;"><math display="block">P = C * \frac{M - A}{M} = I</math></li> <li>P - Sale price</li> <li>C - Present day material cost</li> <li>M -Material life</li> <li>A -Age, years used</li> <li>I - Present day installation cost of property</li> </ul> </li> <li>When items of this nature cannot be disposed of through the above procedures appropriate recommendations will be made to JEA management for final disposal.</li> </ul>

#### D. COMPUTER & ELECTRONIC EQUIPMENT

Responsibility	Action
	<ul style="list-style-type: none"> <li>IRO only accepts computer and electronic equipment declared surplus from JEA Technology Services (TS). All computer surplus, prior to removal, must be approved by TS. All computer and electronic equipment is the property of TS and they alone will make the decision to "retain" or "retire" computer and electronic equipment.</li> </ul>
	<ul style="list-style-type: none"> <li>All TS items are subject to the US Department of Defense (DOD) wipe or "Degaussing" of the hard drive prior to sending the equipment to IRO. All CPU's and monitors must be palletized separately and shrink wrapped, according to IRO written procedures for packing, prior to delivery to the IRO warehouse. Keyboards, data and power cords must be boxed and palletized</li> </ul>



	in the same fashion as the CPU's & monitors. Data such as make, model, serial, and asset tag number is recorded from each piece of equipment and filed until certification of destruction is obtained from the electronics recycler.
	<ul style="list-style-type: none"> <li>For data security, as well as compliance with Environmental Protection Agency (EPA) guidelines, JEA does not sell computer equipment to the public or employees of JEA. Sale of electronic equipment is limited to copiers &amp; printers, upon removal of the hard drive. Other approved electronic devices include, cameras, communication devices, landline telephones, televisions, etc. as deemed appropriate for public use by the Manager of Investment Recovery Operations. Approved electronic equipment will be advertised on <a href="http://www.IronPlanet.com">www.IronPlanet.com</a> and sold in accordance with the auctioneer's website policies. All material is sold "as is where is" and without warranty.</li> </ul>

#### E. Advising Services

Responsibility	Action
	<ul style="list-style-type: none"> <li>IRO has access to many resources and acts as a liaison or adviser when assisting its customers in determining "fair market value" for supplies sold in the secondary market. We are also able to research and advise on market conditions affecting the metals market in the USA, American Metals Market (AMM), London Metal Exchange (LME) the Commodity Exchange, Inc. (COMEX) a division of the New York Mercantile Exchange (NYMEX). In our role as liaison/adviser, we are responsible for tracking the dollars saved from project and/or credits issued; as such, we require a completed surplus form as well as a copy of JEA Awards Committee approval for projects ≥ \$300,000 in value prior to providing assistance.</li> </ul>

#### F. Vehicles and Ancillary Equipment

Responsibility	Action
	<ul style="list-style-type: none"> <li>Vehicles and ancillary equipment will be disposed of through the standard auction process established by appropriate State and Local regulations and JEA IRO.</li> </ul>
	<ul style="list-style-type: none"> <li>JEA Fleet Services is responsible for preparing vehicles declared surplus by removing, all JEA installed equipment, as well as any refuse left by the previous occupant prior to delivery to the surplus staging area. In an effort to prevent the spread of COVID-19, sanitizing of all vehicle touch points by the Fleet Services Coordinators is required before turning over the asset to the contracted auction company.</li> </ul>
	<ul style="list-style-type: none"> <li>Fleet Services is responsible for providing a surplus form signed by the Manager of Fleet Services declaring vehicle and equipment as surplus that is free and clear of all liens.</li> </ul>
	<ul style="list-style-type: none"> <li>Fleet Services will capture information on the vehicle and equipment to include: Make, Model, Vin Number, JEA Fleet Number, and any other</li> </ul>

	<p>pertinent information as it relates to the vehicle prior to sale. The information will be captured and reported to JEA IRO when vehicles and equipment is removed from service.</p>
	<ul style="list-style-type: none"> <li>JEA IRO is responsible for bidding and maintaining contracts related to auctioneer services and will award contracts that obtain the highest return on investment for the organization.</li> </ul>
	<ul style="list-style-type: none"> <li>JEA IRO will coordinate removal of identifying decals or markings on the equipment with contracted auction company after delivery by the Fleet Services to the contractor's surplus staging area.</li> </ul>
	<ul style="list-style-type: none"> <li>JEA Fleet Services will turn over titles and certificates for vehicles and equipment declared surplus. If the title is missing and IRO will contact DMV and obtain replacements and apply charges to JEA escrow account.</li> </ul>
	<ul style="list-style-type: none"> <li>For onsite auctions - on the day of the auction, a JEA IRO representative will be on site at the sales location to capture bid offers as equipment is awarded to the buyer.</li> </ul>
	<ul style="list-style-type: none"> <li>Following the auction of surplus vehicles and equipment, the auctioneer will provide a detailed report of expenses associated with preparation for the sale, commission rate, and final proceeds payable to JEA. Upon receipt of report and payment, IRO will reconcile the transaction then, prepare and submit payments processing documents to JEA Accounts Receivable. Following payment processing, a report outlining the final disposition of vehicles sold at auction will be sent to the Fleet Services Specialist for review and reconciliation of Fleet assets from their records.</li> </ul>

**G. JEA PROPERTY & FRAUDULENT ACTIVITY DEFINED**

Responsibility	Action
	<ul style="list-style-type: none"> <li>JEA Managers who sign off on surplus material and their direct reports may not surplus equipment then attempt to purchase it directly from IRO. Employees and managers may bid competitively on <a href="http://www.IronPlanet.com">www.IronPlanet.com</a> for any material advertised on the website. Direct purchase of material declared surplus by employees and managers from the originating department/business unit is not permitted. They may bid competitively on <a href="http://www.IronPlanet.com">www.IronPlanet.com</a>. Managers and employees may not surplus material then refer outside entities to purchase directly from JEA IRO. Any such activity will be reported to the JEA Ethics Officer for investigation.</li> </ul>
	<ul style="list-style-type: none"> <li>Occasionally, the company may discard items in the trash dumpsters because they have no value to the organization. From a safety and liability perspective, Employees are not permitted to remove items in or around the dumpsters or trash receptacles at any JEA location. Although the item has been placed in the trash dumpster, JEA is still the legal owner of the material while the dumpster resides on its property.</li> </ul>

**H. METHOD OF DELIVERY**

Responsibility	Action
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	<ul style="list-style-type: none"> <li>Depending on the nature of the supplies, all items delivered to IRO shall be on pallets prior to arrival at the IR warehouse. Materials not properly palletized, boxed, wrapped, or delivered without documentation, will be rejected by the IRO staff; No Exceptions.</li> </ul>
	<ul style="list-style-type: none"> <li>A sixty day (60) hold will be placed on all Inventory/Storeroom material delivered to the IRO facility. The purpose for the 60-day inventory hold is to ensure that the material is not needed elsewhere within the organization as well as provide an opportunity for the department that declared it surplus, to retrieve it for reuse.</li> </ul>
	<ul style="list-style-type: none"> <li>Upon expiration of the hold period, items may be redeployed to other internal departments for reuse in the organization. All items redeployed require a signature from the manager of the receiving JEA department NO EXCEPTIONS.</li> </ul>
	<ul style="list-style-type: none"> <li>Non-inventory material is eligible for immediate placement for sale on <a href="http://www.IronPlanet.com">www.IronPlanet.com</a> following evaluation by the Manager of Investment Recovery Operations and sold to the public via the auction process.</li> </ul>
	<ul style="list-style-type: none"> <li>IRO's objective is to assist the organization in saving money by reusing surplus. We also have an obligation to ensure JEA receives a maximum return on investment (ROI) from the sale of surplus material. IRO reserves the right to accept or reject bids in whole or in part and award material sales that is in the best interest of JEA.</li> </ul>

#### I. NON-PROFIT & CHARITABLE DONATIONS

Responsibility	Action
	<ul style="list-style-type: none"> <li>From time to time JEA receives requests from non-profits agencies for the donation of surplus equipment. If the item requested by the non-profit has gone through the normal surplus recovery process and deemed to be of little or no value from a recovery standpoint, such items, if available, may be donated the requesting non-profit agency.</li> </ul>
	<ul style="list-style-type: none"> <li>To qualify for a donation, the requesting agency must provide a copy of their 501 (c)(3) Tax ID and submit via e-mail the completed Surplus Material Donation Request Form. Upon receipt, IRO will review the request to determine if the organization meets non-profit requirements and aligns with JEA Core Values prior to approval. Note: ALL donation request forms must be filled out completely and signed by the Executive Director or Board Chair of the requesting agency.</li> </ul>
	<ul style="list-style-type: none"> <li>Once IRO approves a donation request, the requesting organization must sign JEA's zero dollar value Sales Agreement that includes Waiver of Liability language.</li> </ul>
	<ul style="list-style-type: none"> <li>Agencies requesting material donations must arrange for pickup and transportation to their facility. JEA IRO will assist in loading material onto DOT approved trailers and trucks but it is the responsibility of the vehicle operator to secure the load. If the agencies vehicle does not meet DOT requirements (i.e. size, weight, not safe) IRO will not load the vehicle.</li> </ul>

#### J. DIRECT SALE OF TANGIBLE PROPERTY TO PRIVATE CITIZENS

Responsibility	Action
	<ul style="list-style-type: none"> <li>It is acknowledged that certain salvageable items of utility material might have more beneficial value to private citizens within the community than as an item for bulk sale. Examples include wood cross-arms, wood poles, failed bucket liners, basic building hardware, associated size and lengths of used conveyor belt, office supplies such as typewriters, desks &amp; furniture, calculators, and fans that are safe for public use as determined by IRO, State, Local, and Federal agencies. Sale of electronic equipment is limited to copiers, laser printers, telephones and other basic communication devices. The hard drive on copiers and printers will be removed or degaussed prior to sale.</li> <li>Private Citizens may contact us via email at <a href="mailto:JEAIRO@jea.com">JEAIRO@jea.com</a> to inquire about material available for direct purchase as outlined above. Such sales will be handled on a first come, first serve basis and in accordance with established policies and procedures.</li> <li>Private Citizens who wish to participate in the bid process for material outlined above, must submit their offers through established personal email accounts and sent to the IRO mailbox during non-working hours for JEA employees.</li> </ul>
	<ul style="list-style-type: none"> <li>JEA employees assigned to IRO (and their family members) whether directly or indirectly involved in the following may not participate in the bid process: <ol style="list-style-type: none"> <li>Manages the sale of surplus assets on <a href="http://www.IronPlanet.com">www.IronPlanet.com</a></li> <li>Has knowledge of material that poses an unfair advantage to bidders</li> <li>Setting of prices for materials via the web platform</li> <li>Either receive/process payments for sale of surplus material</li> </ol> </li> <li>Unless otherwise advised by JEA, all non-IRO employees are considered private citizens and may purchase materials on the public auction website. Bidding on <a href="http://www.IronPlanet.com">www.IronPlanet.com</a> will be performed on the employee's personal time with use of their personal computers or smart device and personal email account.</li> </ul>
	<ul style="list-style-type: none"> <li>Certain mechanical, industrial, warehouse inventory, and items that contain chemicals and oils will be evaluated to determine if the items are safe and acceptable for reuse by private citizens and in accordance with State, Federal, and Local Environmental guidelines.</li> </ul>

#### K. BIDDING BY PRIVATE CITIZENS

Responsibility	Action
	<ul style="list-style-type: none"> <li>Occasionally, there may be items (as outlined in Section J) that spark the interest by a number of parties, in such instances, JEA IRO will accept competitive bids from private citizens. An informal bid document will be prepared and sent to all interested parties with timeframe for submittal of bids (i.e. opening and closing dates &amp; Terms and Conditions of the sale).</li> </ul>

	<ul style="list-style-type: none"> <li>During open bidding, JEA IRO will receive bids from private citizens. Upon closure of the bid, JEA IRO will notify the highest bidder of their award status. At no time during the bid process, will bid prices be disclosed to any competitive bidder.</li> </ul>
	<ul style="list-style-type: none"> <li>At the conclusion of bidding, should the high bidder decline acceptance of the sale/award, the second highest bidder may be considered, should their bid meet or exceed the value established by JEA IRO.</li> </ul>
	<ul style="list-style-type: none"> <li>Request for bid results must be submitted in writing through the <a href="mailto:JEAIRO@jea.com">JEAIRO@jea.com</a> mailbox. Bid results are available up to five (5) business days after the bid closing date.</li> </ul>
	<ul style="list-style-type: none"> <li>JEA reserves the right to accept or reject bids for sale of surplus material in whole or in part and make awards that is in the best interest of JEA.</li> </ul>

#### L. UNCOMPENSATED UTILITY EQUIPMENT

Responsibility	Action
	<ul style="list-style-type: none"> <li>If IRO is unable to sell material that has been placed out for bid or does not have useful life or value on the secondary market, IRO will make the material available to the public at zero cost. In this instance, IRO employees may be recipients of such items. Material will be made available on a first-come, first served basis and the recipient must sign JEA's zero dollar value sales agreement that includes a Waiver of Liability in order to take possession of the material. These items are limited to those outlined in Section J of this document.</li> </ul>

#### M. BATTERY RECYCLING AND DISPOSAL

*M.1 Following information is provided as a guide for the processing/recycling of batteries produced from its facilities. Many of the retired batteries produced by JEA contain residual value and generate a revenue stream back to the organization. Employees are required to deliver retired batteries to the JEA Hazmat Building located at 6727 Broadway Avenue for disposal/recycling. Batteries will be disposed of in accordance with Environmental Protection Agency (EPA) guidelines as it relates to current and future regulations in regards to battery recycling. If there is a change in recycling regulations, this procedure will be updated to reflect such changes.*

*Prior to delivering batteries to the Hazmat Building, JEA employees are required to prepare the units for transport to the facility via the following:*

Responsibility	Action
	<ul style="list-style-type: none"> <li>Batteries must be packaged in a way to avoid short circuits and taped or separated so that electrically active terminals cannot come into contact with each other. Battery terminals should be placed in a non-conductive container or may be taped.</li> </ul>
	<ul style="list-style-type: none"> <li>The common alkaline battery (e.g., Household Battery) is not regulated as hazardous materials. When shipped separate from other batteries the insulation of the batteries terminals is not required.</li> </ul>
	<ul style="list-style-type: none"> <li>JEA will only accept batteries for disposal that are produced by the organization. Employees may not bring expired "personal" batteries from</li> </ul>

	<p>home, as there are costs associated with the disposal of the material if brought to JEA.</p>
	<ul style="list-style-type: none"> <li>Household batteries may be mixed with waste produced at your home and as such, permitted in the landfill. Employees also have the option to take expired batteries and electronics to the City of Jacksonville Special Waste yard on Commonwealth Avenue for disposal. The service is provided to residents of Duval County without charge.</li> </ul>
Investment Recovery Operations	<ul style="list-style-type: none"> <li>Batteries produced at the JEA Hazmat Facility shall comply with Department of Transportation ("DOT") regulations, including, without limitation 49 CFR 173 (regarding shipment lithium batteries), the Occupational Safety and Health Administration Hazard Communication Standard and any other Federal, State and Local laws and regulations relating to the packaging, labeling, manifesting and transportation of the batteries to the recycling facility.</li> </ul>
	<ul style="list-style-type: none"> <li>The batteries, with the exception of lithium batteries, shall be shipped in containers DOT approved 55-gallon size, made of a material compatible with the batteries contained therein. Such containers are to be banded together, four drums to a pallet. Pallets are to be 44" x 44" square, 4-way entry, constructed of rough oak or hardwood having ¾" to 1" thick tops and bottoms with 2" x 4" stringers. DOT approved duty rated plastic pallets are satisfactory.</li> </ul> <p>All shipping containers shall be labeled to indicate the hazardous nature of the contents, where applicable, as well as the waste code or waste type.</p> <p>Failure to comply with Federal, State or Local laws and regulations relating to the packaging, labeling, manifesting and transportation of the batteries to the recycling facility can result in an explosion and fire, either in transportation or at the receiving facility.</p> <p>There are many kinds of batteries available today and several are regulated as hazardous materials in transportation that may only be shipped by certified hazmat carriers. It is the responsibility of the Hazmat Building operator to know and label products in accordance with applicable laws.</p> <ul style="list-style-type: none"> <li>Please follow this <a href="#">Link</a> to obtain information on battery classes and packing in preparation for transportation.</li> </ul>

**KEYWORDS:**

Important Links:

- [Cyber Asset Security Patch Management](#)
- [Hazardous Waste Contingency and Emergency Plan](#)
- [Packing Instructions for Technology Equipment - Laptop](#)
- [Packing Instructions for Technology Equipment - Monitors](#)
- [Packing Instructions for Technology Equipment - Printers](#)

[Packing Instructions for Technology Equipment - CPUs](#)  
[Purchasing Code](#)  
[Surplus Step #2: Complete Description of Surplus Items](#)  
[COMMUNITY OUTREACH MD 632](#)  
[SURPLUS MATERIAL DONATION REQUEST FORM](#)

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