



**City Auditor's Office**  
 PO Box 490, Station 17  
 Gainesville, FL 32627-0490  
 (352) 334-5020  
 (352) 334-2096 (fax)  
[www.cityofgainesville.org](http://www.cityofgainesville.org)

**Date:** January 18, 2017  
**To:** General Manager, Gainesville Regional Utilities, Edward J. Bielarski  
**From:** City Auditor, Carlos L. Holt  
**Subject:** Hotline Complaint Message #39, CASE 2017-001

Source of Allegation

The City Auditor's Office received hotline contacts on November 29, 2016, and November 30, 2016, by telephone and via the *InTouch* third-party hotline. The complainant did provide their identity.

Investigators Assigned

Carlos L. Holt, CPA, CFF, CIA, CFE, CGAP  
 Eileen Marzak, CPA, CFE

Purpose of Investigation

The purpose of this or any investigation is to determine the facts concerning allegations made by a complainant. For findings indicating possible fraud or other crimes, the matter would then be referred to the Gainesville Police Department (through the City Manager and in consultation with the City Attorney) or the State Attorney's Office. Findings of employee misconduct warranting possible corrective or disciplinary action are forwarded to management, who is responsible for administering such actions. Findings of waste or lack of efficient or effective operations would also be referred to management.

Standards

We conducted the investigation and created the report using the standards of the Association of Certified Fraud Examiners (ACFE) as a guide. Both investigators are Certified Fraud Examiners (CFE).

Background

Gainesville Regional Utilities (GRU) has contracted with Asplundh Tree Expert Company since October 2013 for services for "electronic distribution line clearance, tree trimming, right-of-way maintenance, weed control, and related work" on an "as needed" basis, a time and material service contract. Equipment costs under the contract range from \$4.25 per hour for a self-feed chipper to \$44.54 an hour for a tractor. Hourly billing rates for personnel are between \$18.28 for a line clearance apprentice and \$33.64 for a General Foreman.

**Exhibit 1: Weekly Invoices from Asplundh Tree Expert Company**

Week Ending	Amount
Nov. 12, 2016	\$37,742.36
Nov. 19, 2016	\$39,301.46
Nov. 26, 2016	\$22,727.31
Dec. 03, 2016	\$35,841.97

Source: Asplundh Tree Expert Company Invoices

**Summary and Outcome of Investigation**

A local citizen became concerned that city finances were being misused after noticing that an Asplundh truck with four-man crew had been parked on a public road near the complainant's house each day beginning on November 14, 2016, and continuing through November 30, 2016. The complainant stated they spent time and effort to watch the crew who appeared to do no significant work, hanging around the truck and lying down with their multiple pairs of feet stuck out the windows (crew cab with front and rear windows). Further, the complainant stated the crew was sometimes seen getting out a piece of equipment but then returning it to the truck without using it. The complainant provided two videos (*Enclosure 1*) of the crew, one that showed crew members lying down with feet out two of the windows on the driver's side hanging over a public street. Another video showed the crew had erected a sun shade over the driver's window in the mid-morning hours. The City Auditor's Office personally verified that the same behavior was still occurring over the next two days before notifying the GRU General Manager, who determined that the crew in question was under contract with GRU for the questioned period of time. The City Auditor also notified the Asplundh Tree Expert Company Corporate Office located in Willow Grove, Pennsylvania.

After performing a thorough investigation of the above allegation, enough information was obtained to determine that:

- 1) The Asplundh crew in question on or near SW 1<sup>st</sup> Way was on location under contract with GRU to perform work.
- 2) GRU was billed for substandard labor and unused equipment that provided no benefit to GRU and would be classified as a waste of resources.
- 3) The Senior Foreman of the Asplundh team in question had a history of taking excessively long breaks and leaving excessive brush behind.

Thus, the allegation was **substantiated**. The City Auditor made several recommendations to the GRU General Manager in order to hold Asplundh accountable, stop or recoup payment on invoice items delivered not in accordance with contract requirements, and detail new or enhanced contract monitoring plans to prevent future occurrences.

**Allegations, Facts, Analysis and Conclusions****Allegation**

That Asplundh Tree Expert Company, a contractor for Gainesville Regional Utilities, had a four-man crew at work on contract 2011-111, in the area of SW 1<sup>st</sup> Way and SW 2<sup>nd</sup> Ct. between November 14, 2016, through November 30, 2016, (11 work days due to holidays) who provided substandard services that failed to meet standards of acceptance under the contract.

*Facts*

- 1) Asplundh Tree Expert Company (hereinafter referred to as Asplundh) has been a contractor for Gainesville Regional Utilities since October 6, 2013, Contract 2011-111 (vendor number 24330).
- 2) GRU Contract 2011-111 facilitates the performance of line clearance, tree-trimming, right-of-way maintenance, weed control, and other related services on an as-needed basis.
- 3) Equipment costs under the contract start at \$4.25 per hour for a self-feed chipper and continue to \$44.54 an hour for a tractor. Hourly billing rates for personnel are between \$18.28 for a line clearance apprentice and \$33.64 for a General Foreman except when overtime hours are used which escalates rates to 150% of minimum rates plus regular overhead.
- 4) The contract with Asplundh contains the following elements:
  - a) Section One of the contract states that "GRU shall pay the contractor for faithful performance..."
  - b) Section Three, Item 5.1 states "The Contractor shall employ only competent and skilled workers."
  - c) Section Three, Item 5.2 states: "Warranty of Service. Contractor warrants that its services under this Contract shall be performed in a thorough, efficient, and workmanlike manner, promptly and with due diligence and care, and in accordance with that standard of care and skill ordinarily exercised by members of the profession or vocation doing similar work."
  - d) Section Five, Item 10.1 states: "Contractor's personnel shall perform the work on a standard work week consisting of 40 productive hours at the work site."
  - e) Section Five, Item 10.6 states: "GRU will provide the Contractor with the necessary circuit and grid maps to facilitate work assignment and routing of the crews."
  - f) Section Five, Item 12.2 states: "...other factors will be monitored which impact quantity of work and customer service. These include, but are not limited to the following: arriving at the work site late, leaving the work site early, absenteeism, customer complaints, and customer property damage."
- 5) On or about November 14, 2016, a citizen who resides near SW 1<sup>st</sup> Way noted that an Asplundh truck with a wood chipper and crew was parked on the street but appeared to be performing no work, with personnel just hanging around the truck.
- 6) Asplundh invoices to GRU show charges for one four-man crew led by Senior Foreman TWX<sup>1</sup>, beginning work near SW 1<sup>st</sup> Way on November 14, 2016. The previous week's invoices for this crew showed other addresses not in the complainant's neighborhood.
- 7) Between November 14, 2016 and November 30, 2016, the citizen (hereinafter called the complainant) continued to monitor the activities of the orange Asplundh truck parked on public streets near their home, recording video at various times.
- 8) Asplundh invoices of Senior Foreman TWX's crew at work near the complainant's residence between November 14, 2016, and November 30, 2016, were received as shown in Exhibit 2.

---

<sup>1</sup> Actual name omitted from this report.

**Exhibit 2: Asplundh Invoiced hours near the complainant’s residence Nov. 14-30, 2016**

Date	Number in Crew	Hours at Location	Total Work Hours at Location
Mon. Nov. 14	3	8	24
Tues. Nov. 15	4	8	32
Wed. Nov. 16	4	8	32
Thur. Nov. 17	4	8	32
Fri. Nov. 18	4	8	32
Mon. Nov. 21 <sup>2</sup>	4	8	32
Tues. Nov. 22	4	4	16
Wed. Nov. 23	4	4	16
Thur. & Fri Holiday	0	0	Thanksgiving Holiday
Mon. Nov. 28	4	8	32
Tues. Nov. 29	4	8	32
Wed. Nov. 30	4	8	32
<b>Total Hours</b>			<b>312</b>

Source: Asplundh Tree Expert Company Invoices

- 9) The complainant logged a fraud, waste, and abuse report with the City Auditor’s Office on November 29<sup>th</sup>. The complainant stated that if GRU or the City is being billed for any work that it is fraud since there is no significant work being performed
- 10) On November 29, 2016, a City Auditor staff member visited SW 1<sup>st</sup> Way at 1:09 pm in a marked city car and noted an Asplundh truck with chipper attached with four men standing on the road next to the truck. He returned out of the neighborhood at 1:16 pm and noted two men standing and talking, one man on a cell phone and one man in the ditch with a chain saw.
- 11) On November 30, 2016, a City Auditor staff member visited SW 1<sup>st</sup> Way at 9:41 am in a marked city car and observed orange Asplundh truck number V1210 with two men standing next to the truck and one man sitting in the truck. He returned out of the neighborhood at 9:52 am noticing that three men were sitting in the truck with one set of feet hanging out of the window.
- 12) City Auditor Carlos Holt viewed both videos (*Enclosure 1*) supplied by the complainant. The two videos can be described as:

Video 1: November 29, 2016, time unknown, appears to be morning hours. Video is 50 seconds long and shows an Asplundh truck parked on a public road with legs with black boots dangling out the window of the front and rear windows on the driver’s side, hanging over the road.

Video 2: November 30, 2016, at 10:30, at least one man sitting in front seat and one man in rear seat with sun shade erected over the window on door. Complainant verbally states on video that they have watched for one hour and fifteen minutes and no work has been done during the period.

*Discussion and Analysis*

The complainant is a professional airline pilot who has lived in the neighborhood for some time. Airline pilots are known to be precise in time and detail. The statement’s from the complainant’s first contact with the City Auditor’s Office that they first saw the Asplundh vehicle and noticed that no work was being performed beginning on November 14, 2016, matched exactly the invoices from Asplundh showing that work *began* on that very day in this area and continued every day (except Thanksgiving holidays) through November 30, 2016.

<sup>2</sup> Incorrectly dated 22-24 on detail of invoice

An inspection of the complainant's address on *Google Maps* shows the residence is in a unique position to see each of the streets in the small neighborhood. The complainant's action to take video of the truck and crew and the observations made by the City Auditor's Office again substantiated the complainant's claims. Not surprisingly, GRU oversight had previously noted supervision problems with Senior Foreman TWX at other locations. The crew's blatant act of hanging their feet out of the windows of the vehicle, on a public street, while on a City contract, reveal a disregard for the likelihood of being reported, possibly indicating the crew did not believe oversight would detect them. This work was not performed as required by the contract, Section 3, Item 5.2 requires that work be "performed in a thorough, efficient, and workmanlike manner."

### *Conclusion*

The allegation that Asplundh Tree Expert Company, a contractor for Gainesville Regional Utilities, had a four-man crew at work on contract 2011-111, in the area of SW 1<sup>st</sup> Way and SW 2<sup>nd</sup> Ct. between November 14, 2016, through November 30, 2016, (11 work days) who provided substandard services that failed to meet standards of acceptance under the contract was **substantiated**.

### *Recommendations:*

- 1) GRU Management should take action to hold Asplundh Tree Expert Company accountable for their actions under the contract (notes to the contractor performance file at a minimum) and determine what the contractor will do to prevent future occurrences.

### **GRU Response:**

A meeting was held with the following personnel on 12/2/2016: Ronnie Collins (Regional Vice President for Asplundh), Tom Brown (COO GRU), Gary Baysinger (ED Officer GRU), Elizabeth Mattke (Purchasing GRU), Ray Jordan (ESOM GRU), and Mike Kennedy (LCC GRU).

This meeting was held to present GRU staff's findings to Asplundh and put them on notice about their employee(s) shortcomings per the steps outlined in the contract between the two parties. Several proposed remedies were discussed for further consideration.

Asplundh's final action plan included: Increasing crew location reporting and accuracy, holding a performance "stand down " with all employees, make repairs to their AVL system, add additional supervision/mentoring, removal of the crew foreman, and to issue a credit to GRU for lost production. It was also discussed to reassign the remaining crew members to other crews and closely monitor them for persistent issues.

- Asplundh Crews have begun providing more accurate location to GRU SCC using GRU provided radios.
- On 12/7/2016 a crew stand down was held to address this issue and discuss what is expected of them by Asplundh and GRU.
- Asplundh is continually updating their AVL system. Based on my observations, it is beginning to be more reliable in relation to being active on each truck and accurate. Any issues that have come up have been promptly handled accordingly.
- An additional Asplundh Supervisor (Gary Henderson) has been making unannounced visits to Asplundh Crews on this contract on a bi-weekly basis beginning 12/7/16.

- The crew foreman was removed from the contract on 12/5/16 and was simultaneously terminated by Asplundh.
- A credit was issued from Asplundh to GRU in the amount of \$1,204.92 on 12/9/16. Invoice # 85T00816.
- The remaining crew members were reassigned beginning 12/5/16 and closely monitored by both Asplundh and GRU staff. Due to further issues with one of the crew members, he was removed from the GRU contact and simultaneously terminated by Asplundh on 12/19/2016.

2) GRU Management should reject and not pay for those service hours provided under the contract that they find failed to meet contract criteria to be “performed in a thorough, efficient, and workmanlike manner” or obtain proper credit if already paid.

**GRU Response:**

GRU internal inspectors (Line Clearance Coordinator) verified that the expected work from the Asplundh crew was performed satisfactorily during the specified time frames at this location. See attached explanation from GRU Electric Systems Operations Manager with attached map of circuit in question. Asplundh provided a credit on 12/9/16 as requested by GRU senior management<sup>3</sup>.

3) GRU Management should detail a new or enhanced contract monitoring plan to ensure Asplundh crews don't repeat the behavior.

**GRU Response:**

- Executing weekly meetings with Asplundh General Foreman and GRU Vegetation staff to discuss expectations, previous/current/next week work, and any issues.
- A Line Worker within ET&D with previous vegetation experience has been placed into a Line Clearance Coordinator role until such time we can hire a Line Clearance Coordinator.
- Increase random, unannounced crew observations by GRU personnel.
- Secure an additional Operations Assistant position to handle office work presently being done by Utility Foresters that will enable them to spend more time in the field to check crews.
- Asplundh Vegetation staff to meet with Asplundh General Foreman and Forepersons quarterly to address expectations, issues, deliverables.
- Monitor the deliverables as presented by Asplundh in their action plan to ensure follow thru.

End of Report

(Enclosure 1: Video 1 and Video 2)

---

<sup>3</sup> Credit amounted to 12, 4-person crew hours, or 48 hours work.