



OFFICE OF INSPECTOR GENERAL

Matthew J. Lascell
Inspector General
Office: (904) 255-5800
Fax: (904) 255-5813

231 E Forsyth Street, Suite 470
Jacksonville, Duval County, FL 32202
Website: www.jacksonville.gov/oig
Email: InspectorGeneral@coj.net

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To: Heather Obara, Chief Financial Officer, Jacksonville Transportation Authority

From: Matthew Lascell, Inspector General, Office of Inspector General

Subject: Review of Evaluation Procedure for the JTA Mural Project Purchase Order # 57399

In October 2025, this office received an anonymous allegation that there were potential inappropriate activities in a contract awarded by the Jacksonville Transportation Authority (JTA). The allegation asserted that JTA procurement officials preselected the contractor who ultimately received the award and then tried to hide the payments to this contractor by paying for the services from an inappropriate budget category.

Based on this, we conducted a narrow-scope review of the JTA's award process and examined the payments made to the contractor during the performance phase of the contract. This review was conducted under the OIG's Contract Oversight responsibility.

In February 2024, JTA sought to hire a contractor to paint custom murals for its Myrtle Avenue Operation Campus (MAOC). In total, there were 17 murals anticipated to be created for this project affecting buildings 1, 2, 6, & 8 of the MAOC Campus. An Independent Cost Estimate was prepared by JTA, and since the cost was estimated to be under \$250,000.00. As a result, this procurement was handled as a Simplified Acquisition as per JTA Procurement Rules.

Independent Cost Estimates are detailed cost estimates created by a government agency to determine the projected cost of a project or procurement before soliciting bids. This document is used for budgeting, planning, evaluating contractor proposals, and ensuring the government gets a fair price for goods and services. The Independent Cost Estimate is a crucial tool and must be developed independently of any potential contractor's input. Additionally, Independent Cost Estimates are not to be disclosed to contractors prior to the award in order to maintain fairness in competition.

Estimates were received from 5 separate contractors, and after evaluation of the proposals, the recommendation was made to award the contract to Mason Nye Murals, Brooklyn, NY. This recommendation was approved by JTA procurement personnel, and the contract was awarded in March 2024.

We have concerns with the integrity of this evaluation process for several reasons. First, Mason Nye's estimate for each line item relating to the murals was just under the Independent Cost Estimate. It is highly unlikely that they could have arrived at these figures without access to the Independent Cost Estimate. Secondly, Mason Nye's final total cost estimate was approximately \$500.00 under the next responsive bidder. Mason Nye's proposal included approximately \$68,000 in travel, lodging, and other expenses. The final cost for the murals was \$141,040.00. This was significantly more than the Independent Cost Estimate, and Mason Nye received approximately \$17,000.00 per month for travel and lodging during 4 month project.

In order to determine if there was a reasonable explanation for the above information, we sought to interview the JTA employee who made the recommendation but determined that they were no longer employed with the City of Jacksonville. We discovered that the office managing this project has had significant turnover, and we could not locate anyone who has specific knowledge of the review of the estimates received for this project.

As to the second part of the allegation, JTA Procurement staff confirmed that the payments to Mason Nye were directed from the Operations Account. They represented that this is common practice because the buildings that were affected by this project are in the Operations Branch of JTA. Any funds for the benefit of MAOC are withdrawn from this Operations Account.

Based on the information, we have chosen to close this review. We find that there is reason to believe that the integrity of the procurement process was not secure related to this project. We find that the evaluation of estimates had serious questions with exorbitant quotes for travel and lodging, and that the selected contractor may have received inside information related to his estimate.

We chose not to pursue a full investigation into this procurement action because the final project cost was fair and reasonable when compared to the other contractor estimates, and because JTA no longer employs the individual who would have knowledge of the selection process.

We recommend that JTA advise all employees involved in the procurement process on the proper handling of the Independent Cost Estimate, ensure that the JTA Procurement Rule addresses the proper handling of the Independent Cost Estimate, and implement a disciplinary process for employees who fail to adhere to the policy.

Fair and adequate competition for contracting requires that government contracts be awarded to the best-qualified bidder through a transparent process that gives all responsible sources an equal opportunity to compete. Government employees are responsible for assuring that this process is fair, reasonable, and secure.

No response is required, and we appreciate the JTA's cooperation with this review.

