

STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF
INVESTIGATION



AGENCY: OHIO DEPARTMENT OF TRANSPORTATION
FILE ID NO.: 2014-CA00047
DATE OF REPORT: DECEMBER 17, 2015

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Randall J. Meyer
Ohio Inspector General



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REPORT OF INVESTIGATION

FILE ID NUMBER: 2014-CA00047

SUBJECT NAME: David L. Holstein

POSITION: Transportation Engineer, ODOT
Administrator, Office of Operations, Traffic
Engineering

AGENCY: Ohio Department of Transportation

BASIS FOR INVESTIGATION: Agency Referral

ALLEGATIONS: Improper Interference in a Request for Proposal
Process

INITIATED: June 19, 2014

DATE OF REPORT: December 17, 2015

INITIAL ALLEGATION AND COMPLAINT SUMMARY

On June 17, 2014, the Office of the Ohio Inspector General was notified of a complaint received by the Ohio Department of Transportation (ODOT) Office of Investigative Services alleging an ODOT employee improperly interfered in a request for proposal (RFP) process. Several ODOT employees alleged that, during the selection process for Freeway Service Patrol Service RFP No. 506-14, ODOT Transportation Engineer David Holstein may have improperly intervened on behalf of a company of a personal friend by staying involved in the selection process after recusing himself from the process.

The Office of the Ohio Inspector General opened an investigation on June 19, 2014.

BACKGROUND

Ohio Department of Transportation

The Ohio Department of Transportation (ODOT) is responsible for maintaining the state's system of highways, as well as overseeing the state's rail, aviation, and public transportation systems. The department has 12 districts along with a central office located in Columbus, Ohio. The director is appointed by the governor and confirmed by the Ohio Senate. The majority of ODOT's funding comes from federal and state taxes on motor fuels.¹

Freeway Service Patrol Service RFP No. 506-14

Request for Proposal No. 506-14 was issued on April 22, 2014. ODOT was searching for a vendor to provide roadside assistance to motorists and other service personnel to help alleviate highway congestion in six Ohio metropolitan areas (Akron/Canton, Cincinnati, Cleveland, Columbus, Dayton, and Toledo). The services would be provided free of charge to motorists in need. The terms of the contract were for the period of November 1, 2014, through June 30, 2017. The sponsor of the roadside assistance program was selected as State Farm Insurance and the vendor ultimately selected to provide the fleet vehicles and personnel was Autobase, Inc., located in New York.

¹ Source: Biennial budget documents.

Applicable Rules, Policies, and Procedures

The following rules, policies and procedures were reviewed as part of the investigation:

Ohio Revised Code (ORC) §102.03(D), *Representation by present or former public official or employee prohibited*, states,

... no public official or employee shall use or authorize the use of the authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties.

Ohio Revised Code §125.071, *Purchasing by competitive sealed proposal*, allows for the director of administrative services to adopt rules for purchases made through a request for proposal. This section of the ORC also states:

- When proposals are opened, it should be done so to avoid disclosure of its contents to others who have also submitted proposals.
- All documents related to the proposal are not considered a public record until after the contract has been awarded.
- Discussions may be held with those who have submitted proposals for clarification purposes under rules adopted by the director of administrative services. All who have submitted proposals "... shall be accorded fair and equal treatment with respect to any opportunity for discussion regarding any clarification, correction, or revision of proposals. No disclosure of any information derived from proposals submitted by competing offerors shall occur when discussions are conducted."
- Contracts may be awarded to those who offered a proposal "... determined to be the most advantageous to this state, taking into consideration factors such as price and the evaluation criteria set forth in the request for proposals. The contract file shall contain the basis on which the award is made." ([Exhibit 1](#))

Ohio Revised Code §2921.42, *Having an unlawful interest in a public contract*, states no public official shall knowingly use his/her authority or influence to allow an agency to enter into a contract with an entity in which the public official, or a member of the public official's family, has an interest. ([Exhibit 2](#))

INVESTIGATIVE SUMMARY

On June 17, 2014, the Office of the Ohio Inspector General was notified of a complaint received by the Ohio Department of Transportation (ODOT) Office of Investigative Services alleging an ODOT employee improperly interfered in a request for proposal (RFP) process. Several ODOT employees alleged that, during the selection process for Freeway Service Patrol Service RFP No. 506-14, ODOT Transportation Engineer David Holstein may have intervened on behalf of a company of a personal friend. ([Exhibit 3](#))

The Office of the Ohio Inspector General reviewed the state email box for Holstein to determine if there was any communication with outside parties regarding the RFP. In particular, investigators were looking for any improper communication with Professional Property Maintenance (PPM), the vendor identified as being owned by Holstein's personal friend, or any other vendors who submitted proposals for the RFP. No indication of improper communication was discovered.

On July 29, 2014, the Office of the Ohio Inspector General conducted an interview with Austin Price, ODOT procurement coordinator, Office of Contracts. Price stated the Office of Contracts facilitates the RFP process for ODOT on non-construction related contracts, including reviewing the RFP solicitation document, managing communication between the department and the vendor, notifying vendors of the award including results and scoring, and processing the award of the contract.

Price said the freeway service patrol RFP was issued April 22, 2014, and a pre-bid meeting with prospective bidders was held on May 7, 2014. Between the time of the pre-bid meeting and the proposal due date of May 23, 2014, Price asked John MacAdam from the ODOT Office of Operations, Traffic Engineering to inform Price on who would be participating on the selection committee. MacAdam replied the members of the committee would be MacAdam, Jim Roth, John McKnabb, Jason Yeray, Julie Gwinn, and Ross Irvine. Price indicated during the interview that, due to the high-profile nature of the contract, he thought it was unusual that David Holstein, administrator of the Office of Operations, Traffic Engineering, was not included on the

committee. MacAdam later told Price that Holstein had removed himself from the selection committee, but provided no reason.

After the selection committee completed its work, Price received the finalized proposal scoring from the Office of Operations, Traffic Engineering on June 5, 2014. Price said he reviewed the scoring and drafted letters to each vendor notifying them of the results and whether or not they were selected. Price noted PPM was ranked last, due to their lack of any previous experience in providing the services required for the freeway service patrol RFP. Price emailed letters to each vendor on June 9, 2014, notifying them of their individual results. ([Exhibit 4](#))

On Friday June 13, 2014, Price was forwarded an email from Andrew Bremer, ODOT deputy director of Legislative Affairs, which Bremer had received from the governor's office.² The email addressed to the governor's office was dated June 2, 2014, and was from Don Louderback of PPM. In the email, Louderback expressed his displeasure PPM was not awarded the contract and that ODOT had selected an out-of-state vendor for RFP No. 506-14.

Price stated PPM had not made any contact with his office to see where ODOT was in the RFP scoring process and if any selection had been made. Since the anticipated selection timeline provided to the vendors was from May 23, 2014, to June 4, 2014, with notices being sent to the vendors after this date, Price wondered how PPM obtained its information on the selection of a vendor for RFP No. 506-14. Price outlined the RFP process language that is included in all RFP solicitations indicating all questions from vendors are to be directed to the ODOT Office of Contracts and any answers provided will be sent out to all bidders. Price stated he had no personal contact with any of the bidders during the "blackout period"³ from May 23, 2014, to June 9, 2014. Price also noted that he had no contact with any elected officials or their staff during the selection process. Price said he was not asked by anyone to influence the selection process or alter his story about anything that occurred during the process.

² Don Louderback of PPM also contacted State Senator Chris Widener's office and the Greater Springfield Chamber of Commerce regarding the selection process. Actions taken by Senator Widener's staff are discussed later in this report of investigation.

³ During the RFP process, ODOT employees and RFP bidders are prohibited from discussing proposals during the period of time beginning on the date when proposals are due for final submission to ODOT and ending when ODOT publicly announces the winning proposal. See Ohio Revised Code §125.071.

Price said he thought it was odd that PPM had sent an email to the governor on June 2, 2014, and seemed to know details about the selection scoring that was not even finalized until June 5, 2014. Given this information, Price said he became concerned that improprieties may have occurred in the selection process and he took his concerns to Sonja Simpson, ODOT deputy director of Operations. Simpson told him that she had received the same concerns from other ODOT Traffic Engineering staff and had referred the matter to the ODOT Office of Investigative Services for review and referral to the Office of the Ohio Inspector General.

The Office of the Ohio Inspector General conducted an interview with ODOT Traffic Engineer John MacAdam on July 31, 2014. MacAdam stated that, while he could not recall every discussion he had with his direct supervisor, David Holstein, during the selection process for RFP No. 506-14, the accumulation of the discussions and decisions made MacAdam believe that something was not right. His concerns began at the May 7, 2014, pre-bid meeting where he observed Holstein talking with two employees from Professional Property Maintenance. In his opinion, Holstein was not trying to hide the fact he had a personal friendship with Kevin Louderback, president of PPM. MacAdam believed it to be unprofessional of Holstein to engage in this behavior in the presence of the other bidders.

After the pre-bid meeting, MacAdam and fellow selection committee member John McKnabb decided to go out for lunch. They heard Holstein was going to lunch at the same place, and asked if they could ride with him. During the drive to lunch, MacAdam and McKnabb learned the two individuals representing PPM at the pre-bid meeting would be joining them for lunch. MacAdam and McKnabb stated that they were both uncomfortable with the PPM representatives being present during lunch. However, they noted that they did not express their discomfort to Holstein. While at lunch, MacAdam said the majority of the conversation was personal, with only a brief discussion about the RFP, during which Kevin Louderback and Holstein made jokes about one of the bidders at the pre-bid meeting. MacAdam said he and McKnabb did not participate in the discussion and stated Holstein paid for their lunch.

During the blackout period for RFP No. 506-14 from May 23 to June 9, 2014, Holstein asked MacAdam questions on behalf of Kevin Louderback – both at the ODOT office and after business hours to MacAdam’s personal phone. MacAdam said he could not recall the specific questions but they were clarification questions regarding the RFP. In both cases, MacAdam did not answer Holstein immediately and reminded him that all questions were to be directed to Austin Price in the Office of Contracts, per the official procedure. MacAdam said Holstein brushed it off as “no big deal” and continued to ask. Against his better judgement and feeling uncomfortable doing so, MacAdam stated he relented and answered Holstein’s questions.

As these “uncomfortable” situations accumulated, MacAdam began to tell his co-workers how Holstein was putting him in a precarious situation, as he felt Holstein was too personally invested in helping his friend Kevin Louderback. MacAdam expressed his concerns to fellow selection committee members Roth, McKnabb, and Yeray regarding Holstein’s involvement going forward. MacAdam said none of the group was comfortable staying involved with the selection process if Holstein did not remove himself. MacAdam said that, after several conversations, he and Roth were able to convince Holstein to remove himself completely from the selection process.

MacAdam recalled that a couple days prior to the May 23, 2014, deadline for the RFP bids, he heard from Price that two or three proposals had already been submitted. PPM had not yet submitted their proposal and Holstein wanted to “take a peek” at the early submissions. MacAdam reminded Holstein that the proposals could not be opened until after the closing date and that, of all people, he (Holstein) could not be involved. MacAdam said they did not open any proposals early.

MacAdam was a member of the selection committee that reviewed the proposals on May 27 and May 29, 2015. MacAdam recalled Holstein came into the conference room twice during the process – once when the committee was analyzing costs and the second time when PPM was being discussed. MacAdam said the second time, he delayed any further discussion of PPM while Holstein was present in the room.

MacAdam noted that Holstein was kept apprised of the committee's progress and did not recall any overt effort on Holstein's part to sway the committee's scoring. MacAdam said Holstein was informed of the committee's selection of Autobase, Inc. after the committee completed its work on May 29, 2014. Holstein was informed of all the vendor rankings at the June 2, 2014, staff meeting.

The Office of the Ohio Inspector General conducted an interview with Section Head Jason Yeray, ODOT Office of Traffic Signals and Intelligent Transportation Systems (ITS), on July 31, 2014. Yeray stated as they were developing the RFP for the freeway service patrol, Holstein mentioned he might need to recuse himself, since a friend of his was planning on bidding. Holstein identified Professional Property Maintenance (PPM) as the potential bidder and company president Kevin Louderback as his friend.

After the pre-bid meeting on May 7, 2014, the potential bidders in attendance were invited to tour the Traffic Management Center at ODOT headquarters in Columbus. Yeray said after the tour, he noticed Kevin Louderback from PPM was in Holstein's office talking.

According to Yeray, during the second and third weeks of May 2014, John MacAdam approached him and Jim Roth to express his discomfort with telephone calls MacAdam had received from Holstein on his personal cell phone after work hours regarding RFP No. 506-14. MacAdam told Yeray he felt the questions were inappropriate and Kevin Louderback may have been with Holstein during the calls.

After this conversation, Yeray, MacAdam, and Roth decided to confront Holstein and insist he recuse himself from the scoring committee and cease all involvement in the RFP process. Yeray said they all agreed if Holstein did not comply, the three of them would decline to participate any further in the process to avoid involvement in something that could lead to potential issues. MacAdam and Roth spoke with Holstein on multiple occasions prior to the May 23 due date for the submissions. Holstein was not inclined to recuse himself and believed he should remain part of the selection process. Yeray said that after some discussion, and with the threat that he,

MacAdam, and Roth would refuse to participate in the process any longer, they were able to convince Holstein to recuse himself.

Yeray left on vacation at 10:30 a.m. on May 23, 2014, prior to the official opening of the bids at 11:00 a.m. MacAdam later called to inform Yeray of how many bids were received and the pricing. During the conversation, MacAdam mentioned PPM had bid \$65 per hour, which happened to be the amount the RFP team had previously discussed with Holstein as an ideal price point where a vendor was both stable and profitable.

Yeray noted that during the selection committee meetings on May 27 and 29, 2014, Holstein stopped in two times to listen in on the conversations. Yeray said this made him uncomfortable due to Holstein's supposed recusal. Yeray indicated that while Holstein was in the room, MacAdam halted the discussion concerning PPM.

In a staff meeting the morning of June 2, 2014, McKnabb discussed informing the existing freeway service patrol drivers about the newly selected contractor, even though the bidders were not yet notified. Yeray noted that Holstein said it was okay to notify the freeway service patrol drivers. Yeray thought this was very premature, as the notification letters had not yet been sent to the bidders. Holstein later advised them not to make any notifications.

That afternoon, Holstein requested the selection committee scoring results, due to a complaint made to the Greater Springfield Chamber of Commerce by PPM complaining about the selection of a non-Ohio company. Yeray said this was before any official notice had been sent out and again noted that it made him feel uneasy. Yeray said he was hesitant to provide the information to Holstein, as he did not think it was appropriate, but Holstein was his supervisor and Yeray complied.

After providing the scoring and point allocation to Holstein, Yeray was summoned to Holstein's office and asked why only two points were assigned to Ohio-based companies in the scoring rubric. Later that same day, another complaint was made by PPM, this time to the governor's

office, and was forwarded to members of the selection committee by ODOT Deputy Director Andrew Bremer.

Yeray stated the RFP process is typically easy, with all bidders treated equally. During the pre-bid period, all questions regarding an RFP are directed to the ODOT Office of Contracts, and the responses are sent out to all bidders. Yeray emphasized that the selection committee in the case of RFP No. 506-14 was very fair to all bidders; they had created a detailed scoring process they felt would identify the best vendor for ODOT; and noted that they ultimately took it upon themselves to eliminate any potential wrongdoing in the selection process.

The Office of the Ohio Inspector General conducted an interview with ODOT Signing Engineer James Roth on August 4, 2014. Roth stated he became aware of a relationship between Holstein and Kevin Louderback during the drafting of the RFP. Roth said he, John MacAdam, and Jason Yeray discussed the propriety of the relationship and all agreed Holstein should recuse himself from this RFP process. The group decided if Holstein did not recuse himself, they would remove themselves from the selection committee. Roth indicated Holstein was initially resistant but eventually relented and recused himself at their request.

Several times during the selection process, Holstein made requests or suggestions concerning RFP No. 506-14. On May 30, 2014, Holstein requested ODOT Assistant Legal Counsel Ross Irvine add a provision that ODOT could cancel the contract at any time without cause. Roth and Irvine agreed this provision would not be appropriate and it was not included in the documentation. At the May 7, 2014, pre-bid meeting, Holstein expressed his concern that a large lump sum payment amount would be viewed negatively by the selection committee. Roth noted the proposal from PPM had the second lowest lump sum payment amount of the six proposals submitted.

The selection committee met to begin scoring the submitted proposals on May 27, 2014, and met again on May 29, 2014. On both dates, Roth stated that Holstein and Sonya Simpson entered the conference room and took a seat. Roth said MacAdam would not allow any discussion of PPM's proposal while Holstein was in the room. Holstein was present only briefly and Roth did not

recall Holstein participating in the selection committee discussions, but his presence "... made for an uncomfortable feeling because he had earlier agreed to recuse himself." Roth did not recall Holstein making any overt attempt to influence the group at the meetings.

On the morning of June 2, 2014, there was a bi-weekly staff meeting where the results of the scoring and selection for RFP No. 506-14 were briefly discussed. Holstein was present at the meeting. Holstein disagreed that the blackout period was still in force until the award letters were sent out on June 9, 2014. Roth stated it was later this same day he became aware PPM had complained about not receiving the contract.

Roth stated that he was not suggesting that anything improper was done by Holstein during the selection process. Roth noted that when everything was considered collectively, it "... tended to create uneasiness for me in my involvement with the process."

The Office of the Ohio Inspector General conducted an interview with ODOT Deputy Director of Operations Sonja Simpson on August 7, 2014. Holstein is one of three administrators who report directly to her. Simpson said she was not involved in the drafting of RFP No. 506-14, but was advised of the progress of the RFP and involved in discussions with Holstein and his staff. This involvement did not include a review of the bid packages when they came in. However, Simpson, along with Holstein, did stop in on the May 27, 2015, meeting of the selection committee and stayed for about 45 minutes.

Simpson was aware Holstein had a friend who was interested in RFP No. 506-14, and that he told her he was recusing himself from the process. Simpson did not recall the exact date or time, but believed it was around the time bids were received. Simpson also had conversations with a few of Holstein's staff members after the bids were received, who expressed to her that they thought it best Holstein recuse himself.

Simpson discovered Holstein dropped in on the selection committee meetings when he should not have, but believed the committee handled the scoring in a professional manner even though their supervisor (Holstein) made them uncomfortable.

Simpson said she went on vacation after the selection process and returned in early June 2014. It was at this time Simpson said she first heard there had been a complaint made about the process. Simpson met with MacAdam and he told her about going to lunch after the pre-bid meeting on May 7 with Holstein, McKnabb, and Louderback from PPM. MacAdam also informed her about the after-work phone calls from Holstein requesting specific information regarding the RFP. Simpson said MacAdam expressed to her that this made him feel very uncomfortable. MacAdam told Simpson that Holstein recused himself but continued to stay involved. MacAdam noted to Simpson that although Holstein was not directly influencing the selection, he believed Holstein's continued involvement was inappropriate.

Simpson said that in addition to MacAdam, she was approached by Jason Yeray and Austin Price about their observations concerning the inappropriateness of Holstein's behavior during the selection process for RFP No. 506-14.

Simpson indicated she was disappointed that Holstein's staff did not inform her about the situations they were facing during this process instead of conveying this "waterfall of information" to her after the complaint was received. Simpson stated that had she known earlier, she would have stepped in immediately to remove Holstein from the process.

Simpson said her staff was required to complete an ethics update training in the fall of 2013. She did not recall specifically if Holstein completed it, but thought he did since she did not receive any reminder about staff members who had not completed the training.

The Office of the Ohio Inspector General attempted an interview with John McKnabb, ODOT transportation manager 3 on August 14, 2014. McKnabb declined a formal interview and instead reviewed a written statement he had provided to Sonja Simpson by email. McKnabb stated everything he wished to say about the matter was in his written statement and made one correction to the email, changing the dates of the scoring to May 27 and 29, 2014, from June 27 and 29, 2014. ([Exhibit 5](#))

The Office of the Ohio Inspector General conducted an interview with Bryan Stout, legislative aide to State Senator Chris Widener, on August 27, 2014. Stout said Don Louderback with PPM, who is the father of Kevin Louderback, had contacted him by telephone for the first time on June 2, 2014, and followed-up with an email the same day. Stout said he contacted Deputy Director Andrew Bremer at ODOT on June 3, 2014, regarding Louderback's concerns.

Stout said he was the only staff member at the senator's office who spoke with Louderback. Louderback told him PPM was ranked second in the ODOT RFP selection process for the freeway services program. Stout did not know how Louderback knew where PPM had been ranked. Louderback informed Stout that he was also working with the chamber of commerce in his district.

Louderback indicated to Stout that PPM had contracted with ODOT for roadside service patrol services in the past. Stout said no other bidders, entities, the Springfield Chamber of Commerce, ODOT staff, elected state or local officials, or any other persons had contacted him or Senator Widener's office in an attempt to influence the selection process for RFP No. 506-14. Only through his conversations with Bremer at ODOT was Stout made aware that Louderback contacted others.

Stout said it was Louderback, during their phone conversation, who made the comment that he had "... concerns about the contract and jobs leaving Ohio." Louderback told Stout the contract was to be awarded June 4, 2014.

The Office of the Ohio Inspector General interviewed Don Louderback on October 1, 2014. Louderback stated that he had first heard about the RFP around April 2014 from his son, Kevin, who is currently the president of PPM. Louderback also mentioned Kevin had training in researching and writing RFPs for government contracts.

Louderback said his son attended the May 7, 2014, pre-bid meeting for the RFP and he (Don) was not present. Louderback said Holstein did not assist with the RFP in any way and had not contacted Holstein recently. He stated the RFP proposal was put together by his son Kevin.

Louderback believed PPM was ranked second in the ODOT selection process. Louderback indicated he had called the governor's office as well as the office of a "Congressman" [sic] Widener on June 2, 2014. Louderback said staff members at both offices asked him to send something in writing, and he accommodated their requests and sent them both emails. [Exhibit 6](#) Louderback was shown the email provided to investigators and he confirmed it was the email sent to the governor's office, alleging ODOT was "... favoring a company out of state" during the selection process.

Don Louderback said he and his son did "research" and came to the conclusion about the ranking of the various bid submitters for the RFP. He denied having had any advance communication from Holstein, or from anyone else at ODOT. Louderback was unable to explain why he was the only bidder to contact government officials about not receiving the contract prior to the official June 9, 2014, notification by ODOT. Louderback further explained that he and Kevin had been in contact with the references PPM had listed in its proposal and none of the references said they had been contacted by ODOT. Don Louderback said this was how he and his son Kevin knew their company, PPM, was not selected.

The Office of the Ohio Inspector General also interviewed Kevin Louderback on October 1, 2014. Kevin stated he had first become aware of RFP No. 506-14 in the spring of 2014 and was always looking for announcements of available government contracts. Kevin stated that he was the person responsible for developing the RFP proposal for PPM and had attended the pre-bid meeting held on May 7, 2014.

Kevin stated at the conclusion of the May 7, 2014, pre-bid meeting, attendees were invited to visit the ODOT headquarters to tour the new Traffic Management Center. He made the trip and had lunch with Holstein. Kevin noted that he regularly meets Holstein for lunch when he (Kevin) is in Columbus for business, since they have been friends for some time. Kevin recalled that two of Holstein's staff members also accompanied them for lunch and that they drove separately. Kevin stated that he did not pay for anyone's lunch nor was there any discussion of the RFP during lunch.

According to Kevin, he used his training and education related to government contracts to surmise that PPM had not received the contract. Kevin said he did research on the other vendors who attended the pre-bid meeting or were on the list of bidders provided by ODOT, and established where PPM would be ranked. Kevin stated that he had no idea why Widener's office would state that PPM claimed they currently provided a similar service.

Kevin Louderback stated that he did not have any contact with anyone from ODOT, including Holstein, concerning the RFP from May 23, 2014, to June 9, 2014, nor did he have contact with any elected official or their staff.

The Louderbacks were informed that the staff meeting at ODOT announcing the selection of the freeway service patrol was held the morning of June 2, 2014, and Holstein was present. That same afternoon, the complaint was made to the governor's office by Don Louderback. Neither Kevin nor Don was able to explain the coincidence in the timing of PPM's complaint or why PPM was the only company who protested the selection prior to the official notification on June 9, 2014.

The Office of the Ohio Inspector General conducted an interview with David Holstein on October 30, 2014. Prior to publishing the RFP, Holstein said he directed his staff, in particular John MacAdam, to contact everyone they could find doing business in the freeway service patrol industry and solicit recommendations and suggestions for the new RFP to attract additional bidders. The changed RFP resulted in six companies attending the pre-bid meeting and submitting proposals.

Holstein stated he and Kevin Louderback are friends and see each other often. Holstein noted that Kevin did inquire about bidding on the RFP. Holstein added he had told Kevin that if he submitted a bid, then he (Holstein) would need to recuse himself from the selection committee.

Holstein said that on the day of the pre-bid meeting, he walked out of ODOT headquarters with Kevin and met MacAdam and McKnabb and discussed where they were going to lunch. Holstein was unable to explain why MacAdam and McKnabb's version of events differed from

his. Holstein speculated that they might have become aware that Kevin would be joining them for lunch when they were in his (Holstein's) car driving to the restaurant. When asked about the reported comments Kevin made about the other vendors at the pre-bid meeting, Holstein did not recall any comments and indicated that he was probably away from the table. Holstein admitted that looking back, going to lunch with Kevin after the pre-bid meeting did not appear appropriate; however, Holstein insisted they did not discuss the RFP.

Holstein also stated that he did not recall sending text messages or making phone calls related to the RFP after hours to any of his subordinates between May 7, 2014, and June 9, 2014.

Holstein said that the first selection committee meeting was held on May 27, 2014, and noted that he had attended the meeting with Sonja Simpson for a while, then left with her. Holstein did not recall any other visits to the selection committee meeting room. Holstein could not explain why staff would say he was there twice.

Holstein admitted he did recuse himself from the selection process, and in hindsight, was probably still too involved. Holstein stated he believed that he could still be in the loop, just not involved in the scoring. Holstein insisted that he did not try to steer the contract to his friend, saying that, "... if I had, why would they come in dead last?"

Holstein said he became aware of the selection on May 29, 2014. When asked about the June 2, 2014, phone and email complaints to the governor's office, the Greater Springfield Area Chamber of Commerce and State Senator Widener's office, Holstein stated he did not know how Louderback got the information. Holstein said, "The people on that committee are above reproach, they are solid, smart and dedicated, if there was a leak it was me."

Holstein said that the only deduction he could make was that Kevin must have researched the other vendors and scored them himself, and that was how he concluded Autobase, Inc. received the contract and PPM did not.

Holstein said that while his actions may have looked inappropriate, he was not intending to influence the selection process in favor of his friend. PPM had no previous experience providing the freeway service patrol service and Holstein noted that he did not want ODOT to be in the position they were in with the previous vendor, having to find a replacement because the vendor that was selected could not perform the required services.

CONCLUSION

On June 17, 2014, the Office of the Ohio Inspector General was notified of a complaint received by the Ohio Department of Transportation (ODOT) Office of Investigative Services alleging an ODOT employee improperly interfered in a request for proposal (RFP) process. Several ODOT employees alleged that, during the selection process for Freeway Service Patrol Service RFP No. 506-14, ODOT Transportation Engineer David Holstein may have intervened on behalf of a company of a personal friend.

David Holstein attended the pre-bid meeting with all interested vendors on May 7, 2014. At the pre-bid meeting, Holstein was observed having a conversation with Kevin Louderback, president of Professional Property Maintenance. After the meeting, Holstein went to lunch with two of his subordinates, John MacAdam and John McKnabb. MacAdam and McKnabb reported that while they were in Holstein's car on the way to lunch, they discovered Holstein had arranged for Louderback and another employee of PPM to meet them at the lunch location. MacAdam and McKnabb reported there was only a brief conversation about the RFP, but the circumstances appeared improper and made them uncomfortable, since no other vendors were invited.

While Holstein recused himself from the selection process based on the concerns of his subordinates, he continued to remain involved in the process. According to MacAdam, Holstein asked to open and review early bid submissions received by the ODOT Office of Contracts. This request was made the week prior to the May 23, 2014, bid submission deadline and prior to the submission of any proposal by PPM. Holstein's request was denied.

Committee members reported Holstein stopped in to the committee scoring meetings on at least two occasions while they were working. Committee members reported they were forced to

terminate discussions about PPM while Holstein was present in the room. Staff also noted PPM submitted a price in their proposal that was the same hourly price discussed by Holstein prior to the beginning of the scoring process.

The final decision on the award of RFP No. 506-14 was scheduled to be made by June 5, 2014, and notification letters sent on June 9, 2014. The timeframe between May 23, 2014, and June 9, 2014, was a blackout period when the status of the RFP could not be discussed with any of the bidders. During a staff meeting held the morning of June 2, 2014, the final ratings were discussed. Staff reported that Holstein indicated the results were then public. The staff disagreed with Holstein's assessment, and after some discussion, staff members reported Holstein agreed that the announcement of the selection results needed to wait for the official award letters to be sent.

On June 2, 2014, at 3:22 p.m., the governor's office received an email from Don Louderback protesting the fact his company, PPM, did not receive the freeway service patrol contract and that ODOT was favoring an out-of-state company for the contract. No other vendors contacted ODOT or any elected officials about the RFP until after the award result letters were sent out on June 9, 2014. No ODOT employees interviewed, with the exception of Holstein, admitted to contact with PPM or any of the other vendors during the selection process for RFP No. 506-14.

Accordingly, the Office of the Ohio Inspector General finds cause to believe an appearance of impropriety occurred in these instances.

RECOMMENDATION(S)

The Office of the Ohio Inspector General makes the following recommendations and asks the director of the Ohio Department of Transportation to respond within 60 days with a plan detailing how the recommendations will be implemented. The Ohio Department of Transportation should:

1. Review the actions of David Holstein to consider whether administrative action is warranted.

2. Review existing internal policies governing the actions of ODOT employees involved in the RFP process and conduct refresher training if warranted.

REFERRAL(S)

The Office of the Ohio Inspector General has determined that no referrals are warranted for this report of investigation.



STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

NAME OF REPORT: Ohio Department of Transportation

FILE ID #: 2014-CA00047

KEEPER OF RECORDS CERTIFICATION

This is a true and correct copy of the report which is required to be prepared by the Office of the Ohio Inspector General pursuant to Section 121.42 of the Ohio Revised Code.

Jill Jones
KEEPER OF RECORDS

CERTIFIED
December 17, 2015

MAILING ADDRESS

OFFICE OF THE INSPECTOR GENERAL
JAMES A. RHODES STATE OFFICE TOWER
30 EAST BROAD STREET – SUITE 2940
COLUMBUS, OH 43215-3414

TELEPHONE

(614) 644-9110

IN STATE TOLL- FREE

(800) 686-1525

FAX

(614) 644-9504

EMAIL

OIG_WATCHDOG@OIG.OHIO.GOV

INTERNET

WATCHDOG.OHIO.GOV