



State of South Carolina
Office of the Inspector General

SENT VIA ELECTRONIC MAIL

August 27, 2021

OIG File NO: 2021-5264-PI

Christy A. Hall
Secretary
South Carolina Department of Transportation
955 Park Street
Columbia, South Carolina 29201

Robert G. Woods, IV
Director
South Carolina Department of Public Safety
10311 Wilson Boulevard
Blythewood, South Carolina 29016

RE: Review of the On-Call Emergency Wrecker Service Contract and allegations of contract fraud.

Dear Secretary Hall and Director Woods:

The South Carolina Office of the State Inspector General (SIG) conducted a preliminary inquiry based upon your request for assistance in reviewing two specific allegations of contract fraud. The SIG also received a related complaint through the SIG fraud hotline that included the same two specific allegations among other allegations. The complainant waived confidentiality.

The scope and objectives of the preliminary inquiry were:

- Determine whether the solicitation and award of the South Carolina Department of Transportation's (SCDOT) On-Call Emergency Wrecker Service contract followed the state's Consolidated Procurement Code;
- Determine whether the two allegations mentioned in your letter of 7/13/2021, also the same instances alleged in the fraud hotline complaint, were in violation of the On-Call Emergency Wrecker Service contract; and
- Determine whether South Carolina Highway Patrol (SCHP) officers followed South Carolina Department of Public Safety's (SCDPS) Wrecker Regulations in selecting wrecker services for secondary tows following removal of vehicles from the roadway by the SCDOT-contracted wrecker service.

Executive Summary

In 2018, the SCDOT initiated a highway improvement project on Interstate 85 in Cherokee and Spartanburg counties. This was the state's second largest infrastructure improvement project following construction of the Arthur Ravenel, Jr. Bridge in Charleston.

The project included widening and improving approximately 21 miles of Interstate 85 (I-85) through the expansion of the highway from four to six lanes, and the improvement of four interchanges and three bridges between mile markers 77 and 98. The SCDOT awarded a design-build contract for the project on 10/4/2016 to the joint venture of Blythe Construction, Inc. and Zachry Construction Corp with an anticipated completion date of 2022.

To comply with the requirement of keeping two lanes of traffic open during times of heavy traffic, the contractor constructed new traffic lanes in the highway median of the construction zone. At different points in the construction zone, traffic shifted from one direction onto the new lanes with one lane for through-traffic and the other for local traffic. These new lanes were separated by concrete barriers and were frequently referred to as the 'chute.' Vehicle collisions and other incidents including disabled vehicles that occurred in the chute resulted in lengthy delays in restoring traffic flow. One such collision occurred on 3/18/2021 and involved six-vehicles with two fatalities that stranded drivers in the chute for seven hours, according to news reports and statements of SCDOT officials.

The SCDOT conducted monthly safety meetings with the contractors, the SCDPS, emergency responders, and other state and local officials to identify safety concerns and develop solutions. From those meetings, the SCDOT implemented a series of safety enhancements to address issues with the chute that included:

- Widening a chute lane from 12 feet to 16 feet;
- Updating all traffic camera feeds into the 911 centers to quickly identify incident locations;
- Adding rumble strips;
- Adding access points to the chute lanes;
- Adding message boards;
- Replacing concrete barriers with temporary barriers in some locations;
- Moving truck traffic to the local lane; and
- Reducing the speed limit, first to 45 mph and then to 35 mph.

In a monthly safety meeting following the March 2021 multi-vehicle accident, the issue of wrecker travel time to an incident location was identified as a contributing factor to the delay in clearing the roadway. The stationing of wreckers in the construction zone was recommended as a remedy to speed up the restoration of traffic flow.

The South Carolina Code of Regulations, 38-600 et seq., (SCDPS Wrecker Regulations) provides for the vehicle owner to designate a wrecker service and if not, the SCDPS investigating officer will select a wrecker service from a rotation list of qualified services operating in a zone designated by the SCDPS. The regulations further state, "Wreckers shall respond only upon the request of the Department of Public Safety." [Reg. 38-600 (C) (4)]

During a safety meeting in April 2021, the SCDOT's lead project manager asked the Blythe/Zachry joint venture to obtain quotes for stationing wreckers in the construction zone. The Blythe/Zachry joint venture obtained quotes from two wrecker services and provided them to the SCDOT.

An SCDOT official advised there were concerns of potential conflicts with the SCDPS Wrecker Regulations if the contractor was managing wrecker services in the construction zone. The official indicated the SCDOT preferred direct control of the process and would be in a better position to interface with the SCDPS. The official also noted if the contractor engaged wrecker services, it would require a change order to the contract and result in increased costs to the contract. The SCDOT determined its existing On-Call Emergency Wrecker Service (On-Call Emergency) contract could be utilized to obtain wreckers stationed in the construction zone.

On Friday 6/4/2021, an accident in the chute resulted in an hour-long delay in clearing damaged vehicles and restoring the traffic flow. Because of this delay, the SCDOT implemented the On-Call Emergency contract and issued purchase order number 4600829588, dated 6/4/2021, to Revelation Towing, Inc. (Revelation). The SCDOT selected Revelation from among the 12 towing companies on the On-Call Emergency contract because their cost was the lowest in the I-85 project area. The SCDOT notified Revelation via email at 4:40 pm on 6/4/2021 and provided a copy of the purchase order to Revelation. The purchase order required Revelation to have a Class C wrecker (heavy duty) in place on I-85 by 9:00 pm on 6/4/2021 for a 30-day period on a 24-hour basis, seven days per week.

On 6/8/2021, Revelation emailed the SCDOT confirming the logging requirements of the On-Call Emergency contract, and advised the SCDOT of the acquisition of a 2.5-acre staging area adjacent to Exit 80 on I-85 to tow wrecked/disabled vehicles. Revelation noted the staging area allowed their wreckers to return quickly to the work zone and provided a safe location for motorists and the SCHP to complete post-accident investigations. Revelation placed an air-conditioned trailer in the staging area with cold water and bathroom facilities for the SCHP and motorists.

In a 6/8/2021 email, Revelation recommended the SCDOT consider adding Class A (light duty) wrecker service to the purchase order after observing most calls involved Class A vehicles, which could not be safely towed by the larger Class C wreckers. Revelation stated Class A wreckers were stationed nearby to assist. The SCDOT subsequently amended the purchase order and added Class A wrecker service to be in place on I-85 no later than 1:00 pm on Monday 6/18/2021 for a 16-day period on a 24-hour basis, seven days per week.

SIG Analysis and Conclusions

Question #1: Did the SCDOT follow the state's Consolidated Procurement Code (CPC) found in SC Code of Laws, §11-35-10 et seq., in the solicitation and awarding of SCDOT's On-Call Emergency contract?

Analysis: The SCDOT issued the On-Call Emergency Wrecker Service solicitation on 10/23/2020 to acquire multiple vendors to provide wrecker services statewide. The SCDOT utilized a source selection method known as Competitive Fixed Price Bidding, which is authorized under SC Code of Laws, §11-35-1525. This source selection method is utilized to provide multiple sources of supply for specific services based on preset maximum prices the state will pay for the services. Vendors could submit bids

equal to or lower than the preset maximum prices. The SCDOT advertised the solicitation on 10/26/2020 in South Carolina Business Opportunities in compliance with the CPC [§11-35-1520 (3)].

The solicitation's purpose stated:

The South Carolina Department of Transportation (SCDOT) is seeking bids from qualified offerors to establish sources of supply *statewide* to provide labor, material, and all necessary equipment to provide On-Call Emergency Wrecker Services (Wrecker) Class A and Class C for any motor vehicle that has been disabled and creates an obstruction on the Roadway(s). This will ensure that roadways are clear from obstructions that would prevent the orderly movement of law enforcement, emergency personnel, and the evacuation of citizens from impacted regions due to tropical storms, hurricanes, natural catastrophes, winter storms, or any other emergency situation, to include evacuation operations for the motoring public in South Carolina.

The solicitation specifically stated, *"This contract shall not replace or supersede Article 7, Highway Patrol, Subarticle 1, Wrecker Regulations, (Statutory Authority: 1976 Code Section 23-6-20 AND 23-6-400 et seq.) 38-600 Regulation of Wrecker Services."*

The solicitation noted that awards "will be made to all responsive and responsible Offerors." The SCDOT awarded contracts to twelve wrecker services on 1/23/2021 [SIG emphasis]. The five-year term contracts expire on 1/22/2026. The solicitation allowed for the addition of wrecker services at six-month intervals "provided the bidder furnishes evidence of responsibility and responsiveness to the State's original fixed price bid as authorized by the solicitation."

The solicitation prohibited the contracted wrecker services from charging individuals for towing their vehicles and from accepting tips from the public. The solicitation did not address the issue of storage fees for towed vehicles. The SCDOT paid the contracted wrecker services based on their fixed price bids, which included a one-time mobilization fee per each purchase order or notice to proceed and a per hour rate for each wrecker class. The contracted wrecker services were required to have wreckers in the staging area within four hours of receiving a purchase order or a notice to proceed.

The solicitation noted wrecker services would be assigned a pre-determined zone and staging location and dispatched by the SCDOT or the SCDPS. The wreckers were required to relocate disabled vehicles a minimum of ten feet from the edge of the paved shoulder. If that was not possible, each wrecker operator was required to determine a safe location to place the vehicles.

The SCDOT is authorized by the State Fiscal Accountability Authority's Division of Procurement Services to make direct procurements for services under its procurement certification authority up to \$500,000. The anticipated cost of On-Call Emergency contract exceeded the SCDOT's certification authority. The SCDOT sought and received a specific delegation of authority from the Division of Procurement Services for the procurement. The SCDOT conducted the procurement and awarded the contracts under this delegated authority. The delegation agreement required the Division of Procurement Services to review and approve all steps in the procurement process.

Conclusion #1: The SCDOT followed the CPC and complied with state law and regulations in the solicitation and awarding of contracts to twelve wrecker services for on-call emergency wrecker services

statewide. The SCDOT selected Revelation as one of the twelve wrecker services awarded contracts on 1/23/2021.

Question #2: Did Revelation Towing, Inc. violate the On-Call Emergency contract in two instances by charging vehicle owners for towing and storing their vehicles?

Analysis: The SIG reviewed copies of two invoices provided by a complainant that alleged Revelation Towing, Inc. charged for towing and vehicle storage in violation of the On-Call Emergency contract.

Revelation Towing, Inc. Invoice No. 29512 – 2014 Cadillac SRX

The first allegation of contract violations covered towing and storage charges by Revelation for a 2014 Cadillac towed from I-85 at 9:30 am on 6/18/2021. Documentation provided by Revelation included photographs showing the vehicle on its roof on the side of the interstate. Revelation dispatched a Class A wrecker to tow the car to the staging area established by Revelation adjacent to the frontage road at Exit 80 on I-85 (Gossett Road). Revelation’s invoice included a towing charge of \$239.00 and storage charges totaling \$185.00 covering the 5-day period of June 24 – 28, 2021.

Revelation stored the vehicle at its staging area at the owner’s request to hold the vehicle for evaluation by the owner’s insurance company, USAA. Ace Towing towed the vehicle from the staging area on 6/28/2021. Revelation’s documentation included a form titled “South Carolina Highway Patrol Troop 4 – Vehicle Tow Receipt” that identified the vehicle, the vehicle’s owner, and included the notation, “No Hold – May be Released.”

Item 15 of the On-Call Emergency contract states: “The Contractor SHALL not charge individuals for towing their vehicle and shall not accept monetary tips from the public.”

At the time Revelation towed the vehicle (9:30 am on 6/18/2021), Revelation was only under contract to provide Class C wrecker services in the designated zone. The SCDOT amended its purchase order number 4600829588 on 6/18/2021, which required Revelation to begin providing Class A wrecker services “no later than 1:00PM/1300.”

A SIG review of SCDOT emails determined the SCDOT director of traffic engineering notified the SCDOT’s I-85 project manager of the addition of Class A wrecker service to the purchase order at 12:18 pm on 6/18/2021. The email advised the project manager to notify Revelation of the purchase order’s modification. Revelation received notification at some point after 12:18 pm.

Conclusion #2a: The SIG determined the SCDOT did not notify Revelation of the contract modification and addition of Class A wrecker service to the On-Call Emergency contract until 6/18/21 at approximately 12:18 p.m. Therefore, Revelation did not violate the terms of the On-Call Emergency contract when it towed the Cadillac at 9:30 a.m. on 6/18/21. As previously determined, the On-Call Emergency contract did not address storage fees. Revelation applied a storage fee in this matter at the owner’s request.

Revelation Towing, Inc. Invoice No. 21-29628 – Chevrolet Impala

The second allegation of a contract violation by Revelation pertained to an invoice for storage charges on a Chevrolet Impala towed from I-85 at 3:30 pm on 6/28/2021. The vehicle was towed to Revelation's staging area. The owner of the vehicle, who was from another state, requested that Revelation store the vehicle in the staging area for evaluation by the insurance company, and process a claim through the insurance company. The vehicle remained in the staging area until Ace Towing towed it. Revelation charged for eight days of storage. Revelation did not charge for towing the vehicle from the construction zone to the staging area.

Conclusion #2b: The SIG determined Revelation did not violate the terms of the contract as the On-Call Emergency contract does not prohibit contractors from charging for storage.

Other Revelation Charges and Activity under the On-Call Emergency contract

Revelation is required under the On-Call Emergency contract to provide logs of their wrecker activity to the SCDOT. The logs included an entry each time the operator received a call. The required information for the logs included the date and time of the call; the vehicle make and model; the license tag number and state; vehicle color; the final location of the relocated vehicle; and applicable notes. The SIG conducted an analysis of Revelation's wrecker logs for the period of 6/6/2021 through 8/9/2021. ([See Appendix A](#))

The SIG's analysis identified five additional instances where Revelation invoiced customers or insurance companies associated with vehicles removed from the I-85 construction zone, as follows:

- On 6/9/2021, a Silverado broke down in the I-85 construction zone but the driver managed to drive his vehicle to Revelation's staging area. The owner requested that Revelation tow his vehicle to Easley, SC. Revelation utilized a Class A wrecker and charged the driver \$400 for the tow. The SCDOT did not add Class A wrecker service to the On-Call Emergency contract until 6/18/21.
- On 6/12/2021, Revelation towed an Accord to its staging area from the construction zone. The owner requested that Revelation store the vehicle and process a claim with the owner's insurance company. Revelation did not charge for towing but charged \$740.00 for 20 days of storage. At the time, Revelation was not under contract with the SCDOT to provide Class A wrecker service. The On-Call Emergency contract did not address storage fees charged by contracted wrecker services.
- On 6/12/2021, Revelation towed a second Silverado to its staging area. The owner requested that Revelation store the vehicle and process a claim with the owner's insurance company. Revelation did not charge for towing but charged \$544.00 for 17 days of storage. The On-Call Emergency contract did not address storage charges by contracted wrecker services.
- On 6/17/2021, Revelation towed a Freightliner tractor-trailer from the construction zone utilizing a Class C wrecker and towed the tractor-trailer to Ryder Commercial Truck Rentals

in Spartanburg. Revelation stated the tow was performed under a private Revelation contract with Ryder.

- On 7/8/2021, Revelation removed a disabled Honda Gullwing motorcycle and small trailer to their staging area from the construction zone using a rollback tow truck. At the staging area, the owner requested Revelation tow the motorcycle and trailer to D2 Motorsports in Spartanburg. Revelation stated the owner had a concern the motorcycle would be damaged if it were unloaded and re-loaded on another wrecker service's tow truck. Revelation towed the motorcycle and trailer to D2 and charged \$75 for the tow from the staging area.

The three instances that occurred on 6/9/2021 and 6/12/2021 involving the Silverados and the Accord did not violate the terms of the On-Call Emergency contract because Class A wrecker service was not part of the contract at the time. Further, the charging of storage fees is not addressed in the On-Call Emergency contract. The towing of the motorcycle and small trailer from Revelation's staging area on 7/8/21 did not violate the On-Call Emergency contract terms, as Revelation did not charge for the tow from the construction zone. The Class C tow of a tractor-trailer on 6/17/2021 under a private Revelation contract with Ryder Truck Rental occurred while Revelation was also under contract with the SCDOT for Class C towing. This was likely an unanticipated situation in the utilization of the On-Call Emergency contract. The SIG did not make a determination on this matter.

SIG Analysis of Revelation's On-Call Emergency Contract Logs

The SIG conducted analysis of Revelation's On-Call Emergency contract logs for the period of 6/6/21 through 8/9/21 to identify the number of wrecker services utilized in secondary tows. The SIG determined Revelation received 217 calls for service pursuant to the On-Call Emergency contract during this period. Of the 217 calls, Revelation towed 156 vehicles from the construction zone to the staging area and other locations. The SIG determined, of the remaining 61 calls, 56 vehicles proceeded under their own power because the vehicles were either drivable after an accident, a flat tire was changed or gasoline was received. Four vehicles were gone from the scene when the wreckers arrived and a SCDOT SHEP truck pushed one disabled truck to an off ramp. ([See Appendix A](#))

The 156 tows from the construction zone by Revelation resulted in 114 secondary tows with 110 tows (96.5%) performed by 49 wrecker services and four tows (3.5%) performed by Revelation as previously identified. The SIG determined Revelation performed an additional thirteen Class A tows prior to being under contract for Class A service without assessing any charges. Revelation's management stated to the SIG they made a decision on 7/8/2021 to cease performing secondary tows of vehicles removed from the construction zone. The SIG identified no additional secondary tows after that date by Revelation.

The SIG determined 49 different wrecker services performed the 110 secondary tows. Forty-four of the 49 wrecker services were located in Cherokee or Spartanburg Counties. A list setting forth the details of the individual wrecker services and the number of secondary tows conducted by each is be found in [Appendix B](#).

The disposition of the remaining vehicles towed by Revelation from the construction zone included 15 large trucks where the disposition was unknown; 17 instances where the vehicles were drivable after minor repairs, tire changes, etc.; and 10 other vehicles where the disposition was unknown.

The circumstances surrounding the 15 tows of large trucks usually involved Revelation towing the truck to the next exit at the trucker's request where the trucker contacted a contracted repair service or contracted towing company. The ten instances of unknowns typically involved the owner requesting Revelation to tow the vehicle to an exit where the owner made independent arrangements. The SIG's detailed analysis of each wrecker call is be found in [Appendix A](#).

The following table presents a summary of all wrecker calls based on the SIG's detailed analysis Revelation's wrecker logs:

Summary - Revelation Towing, Inc. Wrecker Logs Analysis
Activity Under the SCDOT On-Call Emergency Wrecker Contract
 For the Period 6/6/2021 through 8/9/2021

<u>Total Calls per Revelation's Logs</u>	<u>217</u>
<u>Disposition of the Calls:</u>	
Tows by Revelation from the Construction Zone	156
No Tows from the Construction Zone - Vehicles Driveable	56
No Tows - Vehicle Gone on Arrival of Wrecker	4
No Tow - SHEP Pushed Vehicle to Next Exit	<u>1</u>
Total As Above	<u>217</u>
 <u>Revelation Tows from the Construction Zone (from above)</u>	 <u>156</u>
<u>Disposition of the Revelation Tows</u>	
Secondary Tows by Revelation	4
Secondary Tows by Other Wrecker Services	110
Large Truck - Unknown*	15
Vehicles Driveable after Tow (Tire repair, etc.)	17
Unknown Disposition**	<u>10</u>
Total As Above	<u>156</u>

**Large trucks were typically towed to the nearest exit per the trucker's request and the truckers made their own further arrangements for repair or contract tow (see spreadsheet for details).*

***Unknowns typically are tows to a nearby exit at the owner's request and the further disposition was unknown (see spreadsheet for details).*

Question #3: Did the SCHP officers assigned to the I-85 construction project follow the SCDPS Wrecker Regulations in selecting wrecker services for secondary tows following removal of vehicles from the interstate by Revelation, the SCDOT-contracted wrecker service?

Analysis: The SIG reviewed the Highway Patrol Wrecker Rotation Logs and Owner Request Logs (SCHP logs) for the SCHP-designated zones encompassing the I-85 construction zone for the period 6/1/2021 through 8/9/2021. The SIG compared the SCHP logs and the Revelation's wrecker logs to identify the number of secondary tows initiated through the SCHP wrecker rotation process.

The SIG matched 41 of the 110 secondary tows listed on the Revelation logs to the SCHK logs, thereby confirming the SCHK officers utilized the SCDPS wrecker rotation lists. Sixty-nine of the secondary tows could not be matched to the SCHK logs. Instances of incomplete or illegible information may have prevented a small number of matches from being made.

Revelation management advised that, prior to 7/8/2021, they were unaware of who contacted other wrecker services to perform secondary tows from the staging area. Revelation officials stated the SCHK did not usually respond to disabled vehicles and in those cases, the owner typically contacted a wrecker service or other service, such as AAA. Revelation management further advised that, after 7/8/2021, they proactively contacted the SCHK dispatch to report all vehicles towed from the construction zone if an SCHK officer was not involved. In addition, Revelation provided the SCHK dispatch with the exact location from which the tow occurred so that the SCHK dispatch could utilize the correct wrecker rotation list.

Conclusion #3: The SIG determined the SCHK officers complied with the SCDPS Wrecker Regulations in selecting wrecker services from the SCDPS wrecker rotation lists for the SCHK-designated zones encompassing the I-85 construction zone.

In summary, the SCDOT complied with SC Code of Laws, §11-35-10 et seq, in the procurement of emergency wrecker services for the I-85 improvement project. The initial implementation of the On-Call Emergency contract only included Class C wrecker service and stood silent on storage fees. The SCDOT added Class A wrecker service to the On-Call Emergency contract two weeks after the initial implementation of the contract and did not address the storage fee issue.

Revelation accounted for four of the 114 secondary tows (3.5%). However, the SIG determined these tows did not fall under the On-Call Emergency contract. Of the 49 wrecker services utilized in the remaining 110 secondary tows, three wrecker services (Campbell, Davis and Jolley) were counted among the twelve wrecker services contracted under the On-Call Emergency contract in addition to Revelation. These three wrecker services accounted for six of the 110 secondary tows.

The SIG review determined Revelation and SCHK utilized a rotation process for contacting wrecker services for secondary tows.

The SIG extends its appreciation for the courtesies and cooperation extended to SIG staff by the SCDOT and SCDPS during this review.

If I can be of further assistance, or if you have additional questions regarding this review do not hesitate to call me.

Sincerely,



Brian D. Lamkin
State Inspector General