

# THE CAUCUS

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WHY THE AUDITOR GENERAL STOPPED COLD ON PLANS  
TO PROBE A TROUBLED, \$800 MILLION-PLUS PROJECT  
AFTER MEETING WITH THE CONTRACTOR'S HIRED GUN

“What does it get you beyond ‘The state  
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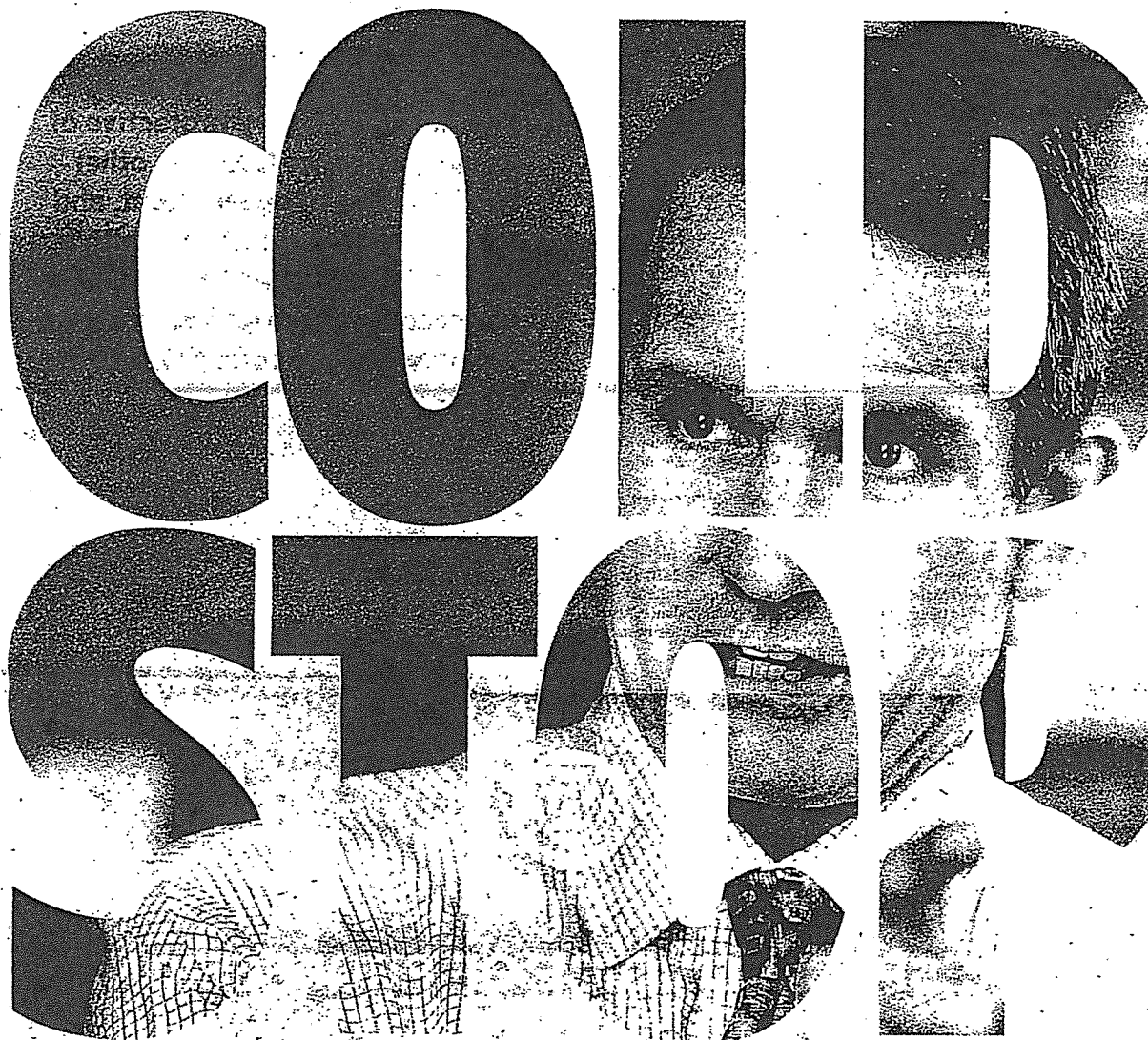
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COVER STORY

Auditor General Eugene DePasquale initially appeared ready to investigate the troubled radio network but backed off. Why?



» BRAD BUMSTED + PAULA KNUDSEN

*Editor's note: The Caucus reported on the statewide radio system in a two-part series in February. The reporting on the 19-year project found a lack of oversight, a revolving door between the state and contractors, and rivalries between state agencies. The Caucus revealed that the Pennsylvania State Police placed the major contractor, Harris Corp., in the Contractor Responsibility Program, which issues warnings about contractors to state agencies for allegedly deficient work. Harris Corp., a major national contractor, used a subcontractor in Pennsylvania that allegedly filed "inaccurate and deceptive documents." Harris strongly protested its inclusion in the program and "categorically" denied the allegations.*

**P**ennsylvania Auditor General Eugene DePasquale spent about two months gathering information for a special report on the state's troubled statewide radio network, but he stopped it cold about three weeks after meeting with a consultant for Harris Corp., the project's main contractor, records show.

That meeting between DePasquale, the state's fiscal watchdog, and Peter Shelly, of Shelly Lyons Public Affairs & Communications, occurred April 21, 2015.

By May 14, 2015, it became official: Auditor General Chief Counsel Victoria Madden told DePasquale in an email that she informed lobbyist John Bane, who had then represented Harris Corp., the office "would be suspending our report on the Statewide Radio Project."

DePasquale said the meeting had no impact whatsoever on his decision. Shelly declined to comment.

Earlier, a top aide of the auditor general's overseeing audits, had stated in an email that DePasquale's special report would "eventually present an unvarnished view of the (radio) system."

That narrative emerges from emails and documents obtained by The Caucus under the Right to Know Law from DePasquale's office and the state police.

At issue is one of the state's most infamous boondoggles: an \$800 million-plus radio project beset by bureaucratic bungling, a lack of oversight by the Legislature, cost overruns, tug of wars between several state agencies, and a

revolving door of state officials going work for contractors.

Moreover, critics said, the radio system didn't fully work.

The issue for taxpayers is whether any state money can be reclaimed and whether anyone will try to do so.

"If we spent \$1 billion and didn't, what we paid for, we ought to be looking into it," Sen. Gene Yaw said at a Senate hearing earlier this year.

The Caucus sought the records at a June Senate hearing on the radio system raised questions about whether DePasquale had completed — but decli

to release — a “special report” on the two-decade-old project that spanned the tenure of five governors.

DePasquale told senators in July his inquiry did not “lead to a formal special report process.”

The documents provided to The Caucus upon request did not include a report or even a draft report by the Auditor General’s Office, affirming DePasquale’s position. A special report is typically less than a full audit and it may cover a narrower topic.

“One thing you can take to the bank: the Pirates won’t be in the World Series. And the other is we don’t have a special report,” DePasquale told The Caucus. DePasquale told Sen. Scott Martin, a Lancaster County Republican, in a September letter his staff notified state police Major Diane Stackhouse immediately after the hearing that she “inadvertently erred in her statement” suggesting DePasquale had a report he was not releasing.

Stackhouse oversees the radio system.

“He (DePasquale) called it a special report, but it was never released,” Stackhouse had stated at the hearing.

Records show there were several meetings between the auditor general’s staff and state police in March and April of 2015 and dozens of emails and requests by DePasquale’s staff for information about the system to prepare a special report. State police took over the radio system from the Office of Administration in 2012.

Martin contends the state should be trying to reclaim any money that was wasted, misused or unaccounted for during its 19-year history. He questioned why DePasquale did not pursue the issue more.

“You stopped on a dime. Why?” asked Martin in an interview with The Caucus. Martin has persisted with questions to DePasquale since the Senate hearing.

“You notify the company? You notify their lobbyist you are going to back off? What does talking to a lobbyist or PR guy have to do with it?”

In a January 2015 email, DePasquale press aide Michael Hoover told the auditor general’s chief of staff, Liz Wagenseller, the radio system had “operational and confidence issues it never seemed to overcome.”

## THE MEETING

The meeting between the auditor general and the consultant for Harris Corp. was initiated by the consultant, emails show. Shelly evidently believed Harris was getting a bad rap from its competitor, Motorola Solutions, and wanted DePasquale to hear the other side.

Barry Ciccocioppo, director of DePasquale’s Office of Communications, sent an email to the auditor general on April 15, 2015, stating: “Pete Shelly called today asking if you would meet with him and Eric Battisti for 30 minutes next week to discuss the Statewide Radio Network... they represent Harris. Pete said he was calling because he knows Motorola’s lobbyists are bashing Harris to the governor’s office and anyone who will listen.”

Ciccocioppo said Shelly told him, “On the surface it might sound ripe for an audit, but there’s another side to the story.”

DePasquale gave an aide the green light to set up the meeting and stated that Shelly “knows we are doing a report.”

DePasquale said in an interview with The Caucus that he could not recall whether Battisti attended. Battisti did not respond to emails and phone calls.

Motorola Solutions lobbyist Clint Cullison, of Greenlee Partners, declined to com-

ment.

Harris and Motorola Solutions have engaged in a fierce competition across the country for contracts on public radio systems for law enforcement and first responders. Motorola controls the vast majority of contracts nationwide.

Last year, Motorola signed a \$44.5 million contract with Pennsylvania for the new P-25 radio system through the 2020-21 fiscal year. The network will provide coverage in all 67 counties, state police say. It is being phased in this year in the mountainous counties of northwest Pennsylvania.

Warren was the first county to use the system this year on a trial basis.

Purchasing radios for state agencies using the system will eventually cost an estimated \$100 million, officials said. Proponents of the new system say many of the radios are old and obsolete and would need changed soon anyway.

DePasquale said that, if anything, the meeting with a Harris representative made him more inclined to do a special report because the arguments on Harris’ behalf did not make sense to him.

Senators continue to ask why a special report or audit wasn’t completed given the state’s commitment of resources.

## DEPASQUALE’S REASONS

DePasquale, a Democrat, told senators in a letter that there were two main reasons he didn’t do a report: “PSP expressed concern that any type of published report by the Department of Auditor General might impact or slow down the urgently needed implementation of a new system.”

In addition, he wrote, “The Office of Budget informed us they commenced a performance audit of the Open Sky (Harris’ brand radio system) contract which the Governor’s Budget Office anticipates releasing this Fall.”

In an email to The Caucus last week, however, state police spokesman Ryan Tarkowski wrote: “State police welcomed the special report being conducted by the Auditor General. PSP did NOT suggest to the Auditor General’s staff that there would be a conflict with the Special Report and the P25 Land Mobile Radio RFP (Request for Proposal). PSP fully cooperated with the Auditor General’s Office.”

The audit, which sounded broad in DePasquale’s description, is far more focused, Tarkowski said. “The Office of Budget audit requested by PSP in June 2015 was to examine the preventive and demand maintenance activities Harris Corporation was performing on the radio system: PSP had a contract with Harris Corp. to provide maintenance and the purpose of the audit was to verify if we were receiving the services we were paying for.”

Tarkowski wrote, “The audit covers July 2012 through September 2015. The report will be available to the public in November.”

In a statement provided by Harris spokesperson Natalie Czap, the company said, “As a long-standing supplier to the Commonwealth of PA, Harris has been and remains fully committed to working with the Commonwealth and has cooperated fully with the audit process. We stand by our work and look forward to resolving all matters soon.”

DePasquale, in an interview, revised his statement to say it was the administration and not the state police that brought up the issue of a report interfering with a contract award.

“The concern was if there are only two bidders and you come out saying one is bad,” it

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THE PROJECT TO BUILD A STATEWIDE RADIO SYSTEM FOR law enforcement, which has been called Pennsylvania’s “Big Dig,” began with an appropriation signed by former Republican Gov. Tom Ridge in 1996.

The radio system got underway in 1998 when President Bill Clinton was battling the sex scandal with intern Monica Lewinsky, and two Stanford professors founded a company called Google. By 1998 the radio system was already over budget at \$205 million and now tops \$400 million in state expenditures.

The idea was to provide a single, centralized system to replace a hodgepodge of incompatible aging systems.

The project was dealt a setback when Rohn Industries, hired for site design, engineering and construction, filed bankruptcy.

The system was set up for state police and state agencies but after the terrorist attacks against the United States in 2001, the project was expanded to include county and local emergency responders.

Several counties tried to move to the state system, but because it was unreliable they abandoned the switch. Cumberland County still operates on the system but has expressed plans to migrate to the new P25 radio system.

The original contractor was M/A Com (an AMP subsidiary), then Tyco Electronics. Harris Corp. bought Tyco’s wireless system in 2009.

The radio system provides mobile data and voice communications for state police; it is used by the Department of Health for 133 fixed location radios in hospitals, as well as the Pennsylvania Emergency Management Agency and 19 other state agencies.

In 2010, state police decided to keep their VHF system in their state trooper cars because of dead spots with the Harris “OpenSky” system. After state police took over responsibility of the system in 2012, the agency was pursuing a universally recognized radio system, P25.

There have long been complaints from state police and other law enforcement agencies about dropped calls and blacked out areas in mountainous regions and cities with tall buildings including Philadelphia.

That friction was exacerbated by the “proprietary nature of technology” that limited competition and flexibility. State Police Major Scott Neal told the Senate in 2013. During the manhunt for cop killer Eric Frein in 2014, state troopers couldn’t rely on handheld portable radios. Frein was sentenced to death earlier this year for killing one trooper and severely wounding another in an ambush.

The state has since moved onto a new system from Motorola Solutions that is being phased in. It is aimed at correcting problems with coverage and eliminating issues with proprietary equipment. Any company including EF Johnson, Harris and Motorola can sell radios for new radio system. Major portions of the existing system will still be used, officials have said.

## COVER STORY + FUNDRAISERS

Continued from page 7  
may skew the process, he said. Asked to clarify a day later, DePasquale said "it was both" state police and the Wolf administration.

Republican senators said they weren't convinced an audit of a past contract would impact future bids on a radio contract.

DePasquale said he didn't mean to imply the audit underway by the Office of Budget would be a review of spending and performance since 1998 when the project got underway.

In his letter to the Senate, DePasquale did not mention the meeting with the Harris representative.

DePasquale said in the interview he just isn't sure what would be gained by a full audit of the entire radio project.

"What does it get you beyond, 'The state blew a lot of money on a bad contract'?" DePasquale said.

Going back beyond the state's record retention requirements — seven years — would take considerable manpower and may cost millions of dollars, DePasquale said in an interview.

### YOU'RE FIRED, YOU'RE HIRED

Steven Kuller was the civilian director of the state police radio system. He managed 24 employees and a \$22 million annual operating budget. His annual salary was \$121,507.

At the time DePasquale was evaluating whether he would do a special report on the radio system in early 2015, Kuller was editing responses to the auditor

general's office and supplying records to DePasquale's auditors.

His name showed up in emails as the auditor general's aides gathered data for the special report that was never written.

For reasons that are not explained on the public record, Kuller was fired as the statewide radio office director by state police effective Sept. 15, 2015, records show.

Less than a year later, Kuller was hired by DePasquale, state records show.

The reason for Kuller's dismissal listed on a document obtained under the Right to Know Law was coded as "48." According to state police spokesman Tarkowski, the human resources code 48 is used to describe "dismissal due to conduct."

Tarkowski would not elaborate. Kuller could not be reached for comment.

"He will not comment as a deputy auditor general employee," said Susan Woods, DePasquale's press secretary. "Typically our deputy auditor generals don't talk to the press."

Woods said she would, however, pass along a request to Kuller to talk to The Caucus, which proved unproductive.

Kuller also declined to comment through a third party.

In August 2016, Kuller filed an employment application with the Department of the Auditor General. He answered "yes" on a section of the application asking if he had been fired from any job for any reason within the past 10 years. In the required section for explanation of an employment termination,

## You stopped on a dime. Why?

SEN. SCOTT MARTIN,  
R-LANCASTER

Kuller wrote, "Senior Manager — at will, non union, non civil service."

PennWATCH records from September 2016 show Kuller as an "auditor 1" earning an annual salary of \$44,655.

He is now making \$46,807.

DePasquale said he saw no problem with hiring the fired manager of an agency he investigated for a potential special report on its contractors.

"To be blunt, Laura Kuller (Steve's wife) is a friend of mine. She told me he lost his job," DePasquale said.

DePasquale asked for his resume. Laura Kuller, a lobbyist for The Ridge Group, could not be reached for comment.

Given Steven Kuller's background, he was "an absolute steal," DePasquale said. He had worked on the startup of a dot-com company, Capitolwire, and served as deputy director after it was acquired by The Associated Press. Shelly is the founder of Capitolwire.

Steve Kuller previously worked for American Management Systems in Fairfax, Virginia, and as a fiscal analyst at the Department of Revenue. He is a graduate of the University of Pennsylvania. He holds a master of science degree from Carnegie Mellon University with a concentration in managing information systems and public finance.

"Taxpayers are getting a pretty good bargain," DePasquale said.

"I decided if anyone wants to hold me accountable, then they can," DePasquale said.

Martin said he is stunned one state agency would hire someone fired by another agency.

"It's a no-no. It doesn't typically happen in the private sector," he said.

### IT'S NOT OVER

Once the Office of Budget audit is released, DePasquale said he will re-evaluate doing some type of special report or audit. "It may provide an opening for us to go in" on the radio issue, he told The Caucus.

DePasquale, however, has told senators he favors Sen. Randy Vukobovich's plan for an ongoing audit of the new P25 system with Motorola.

In July, DePasquale told Republican senators, "I believe the most prudent action" is auditing the new system as it is being implemented.

"Ensuring that we don't make past mistakes is paramount," DePasquale said. "I am happy to publicly support this (Vukobovich) proposal." ©

# FUNDRAISERS

A roundup of receptions and other events to benefit re-election campaigns

5:30 P.M., OCT. 10  
RECEPTION FOR CHIEF SUPREME COURT  
JUSTICE THOMAS J. SAYLOR  
The Union League Club  
Philadelphia  
\$2,500 to \$10,000

5 P.M., OCT. 11  
RECEPTION FOR REP. PAUL COSTA  
Brew Gentlemen  
Braddock  
\$500

3 P.M., OCT. 15  
FALL FEST WITH SEN. MIKE REGAN  
Tolgo Organic Farms  
Carlisle  
\$20 to \$50

11:30 A.M., OCT. 16  
LUNCHEON FOR U.S. REP. BILL SHUSTER  
Duquesne Club  
Pittsburgh  
\$1,000 to \$5,000

5:30 P.M., OCT. 16  
LUNCHEON FOR  
SEN. GUY RESCHENTHALER  
Firehouse  
Harrisburg  
\$500 to \$1,000

6 P.M., OCT. 16  
HOUSE REPUBLICAN CAMPAIGN  
COMMITTEE RECEPTION  
Appalachian Brewing Company  
Harrisburg  
\$500 to \$5,000

8 A.M., OCT. 17  
RECEPTION FOR  
SEN. ANTHONY WILLIAMS  
Harrisburg Hilton  
Harrisburg  
\$500 to \$2,500

8 A.M., OCT. 17  
RECEPTION FOR REP. DAVE ARGALL  
Harrisburg Hilton  
Harrisburg  
\$500 to \$1,000

8 A.M., OCT. 17  
RECEPTION FOR REP. JOHN YUDICHAK  
Harrisburg Hilton  
Harrisburg  
\$500 to \$1,000

11 A.M., OCT. 17  
LUNCHEON FOR SEN. JUDY SCHWANK  
Capital Gastropub  
Harrisburg  
\$250 to \$1,000

5:30 P.M., OCT. 17  
RECEPTION FOR REP. ADAM HARRIS  
Sturges Speakeasy  
Harrisburg  
\$300 to \$1,000

5:30 P.M., OCT. 17  
RECEPTION FOR  
JUDGE CHRISTINE FIZZANO CANNON  
Little Amps Downtown  
Harrisburg  
\$500 to \$5,000

8 A.M., OCT. 18  
RECEPTION FOR REP. MARK ROZZI  
Café Fresco  
Harrisburg  
\$250 to \$1,000

8 A.M., OCT. 18  
RECEPTION FOR  
SEN. CAMERA BARTOLOTTA  
Home 231  
Harrisburg  
\$500 to \$1,000

8 A.M., OCT. 18  
RECEPTION FOR REP. FRANK RYAN  
500 N. 3rd St.  
Harrisburg  
\$250

5:30 P.M., OCT. 18  
RECEPTION FOR  
SEN. RYAN AUMENT  
Rubicon  
Harrisburg  
\$500 to \$3,000

11:30 A.M., OCT. 19  
LUNCHEON FOR  
SEN. PAT BROWNE  
Rubicon  
Harrisburg  
\$1,000

5:30 P.M., OCT. 19  
RECEPTION FOR  
REP. ED GAINNEY  
Mitchell's Restaurant, Bar & Banquet  
Center  
Pittsburgh  
\$100 to \$1,000

10:30 A.M., OCT. 20  
GOLF TOURNAMENT FOR  
SEN. MIKE FOLMER  
Fairview Golf Course  
Lebanon  
\$75 to \$2,500