"That does it get you beyond 'The state blew a lot of money on a bad contract'"
Cover Story

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

Brad Bunstedt & Paula Knudsen

Pennsylvania 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 Bangs, 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 "entirely present an unfavorable 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 bust by bureaucratic bungling, a lack of oversight by the Legislature, cost overruns, turf wars between several state agencies, and a revolving door of state officials going to work for contractors.

Moreover, critics said, the radio work 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 get 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 Pasquale 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 that 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 that he notified state police Maj. 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 said. 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 and a dozen or so 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 your lobbyists you are going to kick a$% off what does talking to a lobbyist or FR guy have to do with it?"

In a January 2018 email, DePasquale pressed side Michael Hoover, the auditor general’s chief of staff, Liz Wagener, the radio system’s operations and communications manager, 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, according to sources. It was evident DePasquale was getting a bad rap from one of his competitors, Motorola Solutions, and wanted DePasquale to hear the other side.

Barry Ciccozello, director of DePasquale’s Office of Communications, sent an email to the auditor general on April 18, 2015, stating: "Peter Shelly called today asking if you would meet with him and Eric Battisti for 50 minutes next week to discuss the statewide radio network…they represent Harris. Peter said he was calling because he knows Motorola’s lobbyists are bashing Harris to the governor’s office and anyone who will listen."

Ciccozello said Shelly told him, "On the surface it might sound right 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 special 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 Greentree Partners, declined to comment.

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

Last year, Motorola signed a $45 million contract with Penndotway 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, in 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 hasn’t been completed given the state’s commitment of resources.

DEPASQUALE’S REASONS

DePasquale, a Democrat, told senators in a letter that he told them there were two main reasons he didn’t do a report: P25 expressed concern that any type of report could unfairly impact the Department of Agriculture’s General Manager’s reputation. OFRSP expressed concern that any type of report could impact the Department of Agriculture’s General Manager’s reputation.

In addition, he wrote, "The Office of Budget and Program Information is currently engaged in an audit of a state contract that was awarded to Harris Corporation. P25 expressed concern that any type of report could impact the Department of Agriculture’s General Manager’s reputation."

In an email to The Caucus last week, however, state police spokesman Ryan Tarkowski wrote, "State police were invited to the presentation of the Harris’ contract by the Pennsylvania Board of Police Commissioners and the Harris invoice was paid in full." Tarkowski said the budget audit requested by P25 in June 2015 was to examine the genesis and programming of the Harris Corporation’s radio system contract with Harris Corp. to provide the audit and the cost of the audits and the cost of the audits.

The audit, which sounded broad in DePasquale’s description, is far more focused, Tarkowski said, "The Office of Budget audit requested by P25 in June 2015 was to examine the genesis and programming of the Harris Corporation’s radio system contract with Harris Corp. to provide the audit and the cost of the audits and the cost of the audits.

Tarkowski said the audit covers July 2012 through September 2015. The report will be available to the public in November.

In a statement provided by the Harris spokesman Natalie Cipriano, the company said, "As a long-standing supplier to the Pennsylvania Department of General Services, P25 Harris has been and remains fully committed to providing 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 he was the administration and not the state police that brought up the issue of a report interfering with a contract award.

"The concern was that if there were only two bidders and you come out saying one is bad," it

THE PROJECT TO BUILD A STATEWIDE RADIO SYSTEM FOR

The project to build a statewide radio system for law enforcement, which is also called Project P-25, is being led by an organization called the Pennsylvania State Police. The system is in its final stages of development and is expected to be fully operational by the end of 2016.

The system will provide enhanced communications capabilities for state, local, and federal law enforcement agencies. The system is being developed by Motorola Solutions, which is headquartered in Chicago.

Motorola Solutions has been awarded a contract to build and operate the statewide radio system. The contract is worth $275 million and is expected to be completed in 2016.

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COVER STORY + FUNDRAISERS

Continued from page 7:

may show 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 a 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 bidding
and performance since 1998 when the
project got underway.

In his letter to the Senate, De-
Pasquale 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 con-
tract?” DePasquale said.

Going 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 direc-
tive of the state police radio sys-
tem. Harrisburg 24 employees were laid off.

DePasquale said that the radio sys-
tem costs $9 million annually.

At the time DePasquale was testi-
ging whether he would do a special report
on the radio system in early 2016, 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. 11, 2016, 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
“46.” According to state police spokes-
man T.J. Tabacchi, the human resources
code #46 is used to describe “misconduct
due to conduct.”

DePasquale would not elaborate.

Kuller could not be reached for com-
ment.

He will not comment as a former
deployer and alumni, said Susan
Woods, DePasquale’s press secretary.

“Typically our deputy auditor generals
don’t talk to the press.”

Woods said she could however, pass
along a request for Kuller to talk to The
 Caucus, which will address his
departure.

Kuller also declined to comment
through a third party.

An Associated Press investigation
filed an employment application with
the Department of the Auditor General.
He replied to the application 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 completed section for expla-
nation of an employment termination,

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

“You 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 DePasquale was
in a lawsuit.

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 L. SAILOR
The Union League Club
Philadelphia
$250 to $1,000

5 P.M., OCT. 11
RECEPTION FOR REP. PAUL COSTA
Brew Gentlemen
$50

3 P.M., OCT. 15
FALL FEST WITH SEN. MIKE REGAN
Tokyo Organic Farms
Carlsbad
$20 to $50

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

5:30 P.M., OCT. 16
HOUSE REPUBLICAN CAMPAIGN
COMMITTEE RECEPTION
Appalachian Brewing Company
Harrisburg
$100 to $1,000

5:30 P.M., OCT. 17
RECEPTION FOR SEN. ANTHONY WILLIAMS
Harrington Hotel
Harrisburg
$100 to $2,500

8 A.M., OCT. 17
RECEPTION FOR REP. DAVE ARGALL
Harrington Hotel
$250 to $1,000

8 A.M., OCT. 17
RECEPTION FOR SEN. JOHN YUDICKA
Harrington Hotel
$250 to $1,000

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

8 A.M., OCT. 17
RECEPTION FOR REP. FRANK RYAN
Stones Speakeasy
Harrisburg
$250

5:30 P.M., OCT. 17
RECEPTION FOR REP. ER GAINES
Rubicon
Harrisburg
$1,000 to $2,000

5:30 P.M., OCT. 18
LUNCHEON FOR SEN. PAT BROWN
Rubicon
Harrisburg
$1,000 to $2,000

5:30 P.M., OCT. 19
RECEPTION FOR REP. G. SMITH
Mike’s Restaurant
Kearney
$250 to $1,000

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

8 THE CAUCUS Tuesday, October 10, 2017

You stopped on a dime. Why?
SEN. SCOTT MARTIN
R-LANCASHER

Kuller wrote, "Senior Manager – at-will,
on-union, non-civil service."
PennWatch records from September
2016 show Kuller as an "auditor I"
earning $16,667.

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

"He is blunt. Laura Kuller (also
based in 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 com-
ment.

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

Kuller told DePasquale: "If you want
us to return to the startup business,
we are happy to return."

"It’s not over," DePasquale said.

Once the Office of Budget audit is re-
leased, DePasquale said he will re-evalu-
ate doing some type of special report or
audit. "It may provide an opening for us
to go in," he said. The Caucus.

DePasquale, however, has told sen-
tors he favors Sen. Randy Vulakovich’s
plan for an ongoing audit of the new PWS
system with Motorola.

In July, DePasquale told Republican
senators, "I believe the most prudent
section" 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
(Vulakovich) proposal."

In the audit, DePasquale said,
"I believe the biggest mistake is
paramount," DePasquale said. "I am
happy to publicly support this
(Vulakovich) proposal."

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