

Pa. university board members grab \$14M in contracts

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Companies owned by two members of the oversight board for 14 state universities won almost \$14 million in business from the schools during the past five years, according to a review of state records.

The contracts, for everything from construction projects and landscaping to issuing parking tickets, were given to companies owned by Guido Pichini of Reading in Berks County, chairman of the State System of Higher Education Board of Governors and member of Kutztown University's Council of Trustees; and board member Celestino "Chuck" Pennoni of Bryn Mawr in Delaware County, records indicate.

Speaking during a break at the group's quarterly meeting in Harrisburg last week, Pichini said his actions were within the letter of the law, adding that he even consulted state system attorneys before bidding on the work for his security firm. He said he did not vote on the contracts and did not participate in discussions about them.

"They went through the bidding process without me. I don't oversee any of the contracts," said Pichini, whose company received more than \$4 million in work. "I've done everything in my power to separate myself."

Repeated attempts to speak with Pennoni failed. His engineering/architectural firm received more than \$9 million in contracts, according to records.

The state system board did not solicit or vote on any of the contracts but oversees operations at all of the schools involved.

Even so, state Sen. Kim Ward, R-Hempfield, was critical of the practice.

"When you're on a board, you're privy to some inside information," Ward said. "Are they helping to put the RFP (a request for bids) together? There is a real appearance of maybe everything not being on the up and up."

A call to Gov. Tom Corbett's office about the matter was not returned.

A spokeswoman for Sen. Jeffrey Piccola, chairman of the Senate Education Committee, declined to comment.

But several public policy experts say that while the two longtime board members — both initially appointed by former Gov. Ed Rendell — may not have broken a law, they may have crossed into questionable ethical territory.

"It's at least very questionable how the politically connected always seem to get these contracts," said Nate Benefield, director of policy analysis at the Commonwealth Foundation, a Harrisburg-based, free-market think tank.

“And \$14 million is nothing to sneeze at. Those aren’t small projects by any stretch of the imagination,” Benefield said.

He said the situation begs several questions – whether the process is transparent, whether it’s being done competitively, whether there should be bans against anyone on the board winning contracts.

“While there may not be a technical violation of state conflict rules, board members should be diligent in avoiding situations that can place them in awkward positions with their fiduciary responsibilities,” said Richard Legon, president of the Association of Governing Boards of Universities and Colleges in Washington, which represents boards at more than 1,250 schools nationally.

A policy adopted by the state system in January states that officials and employees should not only avoid conflicts of interest, but also the appearance of conflict, according to the document.

Alleged breaches of these types of policies are often handled by the state Ethics Commission, whose executive director, John Contino, said his office does not comment about potential or ongoing cases.

But state system spokesman Kenn Marshall said no rules were broken. He said the contracts were awarded by the individual schools and the two men were not part of that process. He said the final contracts were reviewed by the state Attorney General’s Office.

Most contractors and vendors looking to do business with the state work through the Department of General Services, but the state system sets its own rules for procurement, said General Services spokesman Troy Thompson.

“There are several layers of review,” Marshall said. “If they (the reviewers) find anything they aren’t happy with, they can reject a contract.”

SECURITY SERVICES

Pichini, 59, is president of Security Guards Inc. of Wyomissing in Berks County, which provides security and dispatching services at Kutztown, Millersville and Bloomsburg universities, records show. Those contracts are worth about \$4.5 million. Pichini is a Kutztown graduate and member of its governing board, according to school records.

At Kutztown, Security Guards Inc. was hired to enforce parking regulations even though the school, with about 10,000 students, has its own full-time, 16-member police force. The 20-page contract with the firm requires the company to provide security, parking enforcement and dispatching services until June 2016.

The contract was executed in May 2011. Pichini has been a Kutztown University trustee since 1997.

He was appointed to the state system’s Board of Governors in 2005.

Kenneth Long, assistant vice president for administration and finance at Kutztown, said he doesn’t see any conflict with Pichini’s dual roles.

“His company is going through the proper procedures,” Long said.

Long said six companies submitted bids for the contract and, while Security Guards Inc.’s bid was not the lowest in cost, it offered the best services. He said it was within the rules for the school to accept that bid, despite the cost.

In his role as a member of Kutztown’s board, Pichini did not vote when the board considered his bid, school spokesman Matt Santos confirmed.

Pennoni, 74, founder and chairman of Pennoni Associates of Philadelphia, has done engineering and architectural design work for seven state schools — Bloomsburg, California, Lock Haven, Millersville, Shippensburg, Indiana and Slippery Rock universities, according to state records.

Those contracts are worth more than \$9.5 million, records show.

The contracts have included construction and design work, inspections, traffic signal and road improvements and upgrading campus water treatment plants, according to records.

The contracts include a \$430,000 project to help design a parking garage, build recreational courts and do landscape design work at California University. Some of that work was at the school's controversial 6,000-seat convocation center, which has been a lightning rod for criticism since it opened last year.

Pennoni's firm does work for PennDOT, the state Turnpike Commission, the Department of General Services and the Philadelphia Port Authority.

Pennoni, a civil engineer who served as interim president at his alma mater, Drexel University, also has more than \$600,000 in contracts with the state system for architectural and engineering work.

But again, Marshall said Pennoni, who has served on the board since 2003, did not participate in awarding these contracts.