



*State of New Jersey
Commission of Investigation*

ALARMING CONTRACTS

**Fixed Bids,
Conflicts of Interest,
Big \$ and Lax Transparency
in the Purchase of Fire Trucks
in New Jersey**

September 2008

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SCI
28 West State St.
P.O. Box 045
Trenton, N.J.
08625-0045

609-292-6767

www.state.nj.us/sci



State of New Jersey

COMMISSION OF INVESTIGATION

28 WEST STATE STREET

PO Box 045

TRENTON NJ 08625-0045

TELEPHONE: (609) 292-6767

FAX: (609) 633-7366

W. Cary Edwards

Chair

Joseph R. Mariniello, Jr.

Kathy Flicker

Patrick E. Hobbs

Commissioners

Alan A. Rockoff

Executive Director

September 2008

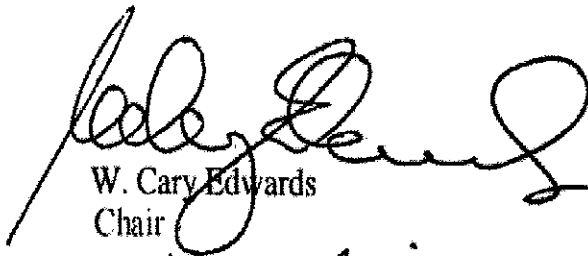
Governor Jon S. Corzine

The President and Members of the State

The Speaker and Members of the General Assembly

The State Commission of Investigation, pursuant to N.J.S.A. 52:9M, herewith formally submits the final report of its investigation into questionable practices in the procurement of fire trucks in New Jersey.

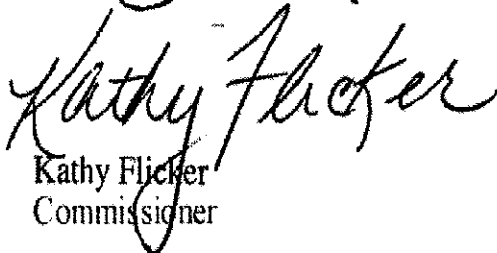
Respectfully,



W. Cary Edwards
Chair



Joseph R. Mariniello, Jr.
Commissioner



Kathy Flicker
Commissioner



Patrick E. Hobbs
Commissioner

TABLE OF CONTENTS

<i>Executive Summary</i>	1
<i>Key Findings</i>	5
Improper Use of Proprietary Specifications	5
Conflicts of Interest	16
Lack of Transparency	18
<i>Recommendations</i>	21
<i>Appendix</i>	A-1

Executive Summary

Fire trucks are among the most specialized and important items purchased on a periodic basis by local governments in the service of their citizens. They are also among the most expensive. Ranging in price from \$200,000 to \$1 million or more apiece, they constitute a current statewide taxpayer investment of more than \$1 billion.¹ Given the vital public-safety mission associated with this machinery and the size of the public's financial stake in it, taxpayers are entitled to expect that fire trucks are purchased properly and efficiently through a transparent, accountable procurement system grounded in a competitive public process.

The Commission examined dozens of fire truck procurements in communities large and small across New Jersey and found that the system, as currently structured, typically overwhelms the ability of local governments to ensure proper accountability and transparency. In many instances, the competitive procurement process that is required by law has been reduced to a sham in which the public's business is ruled by private interests.

The dysfunctional hallmark of this system is heavy reliance by local public officials on "proprietary" design specifications written by fire truck manufacturers and passed along by their dealers' sales personnel. Proprietary specifications dictate unique components and methods to be used in production, and the Commission found numerous instances in which these types of specifications have been embedded in the text of procurement documents known as requests for proposals (RFPs) issued by local fire department purchasing authorities. Although these RFPs may also contain language that appears to open the procurement to participation by other prospective vendors, the practical effect is to virtually guarantee that only one manufacturer can fulfill the express terms of the contract without filing multiple exceptions – i.e. proposing alternate ways to satisfy the specified design requirements. Often, the proprietary manufacturer is "locked in" before the RFP is even written.

¹ This figure is an estimate of the total value, not including depreciation, of the approximately 2,600 fire trucks currently housed by New Jersey's more than 750 fire companies and departments, based upon a conservative average purchase price per vehicle of \$400,000.

Local officials often rely on design specifications provided by manufacturers because they lack the technical expertise to draft them independently. Furthermore, the State plays no role in assisting with the development of these essential procurement documents. That said, the Commission also found that it is not uncommon for fire personnel to readily accept, if not overtly solicit, proprietary specifications simply because they are intent on acquiring a certain brand of truck to the exclusion of all others.

Conducting procurements in this manner not only raises serious questions about the integrity of the process, but also renders it vulnerable to potential distortions in the cost and quality of the final product. Since proprietary specifications tend to discourage multiple bids, fire companies can wind up paying more than they would for comparable trucks made by other manufacturers. On the other hand, in instances where multiple bids result despite the use of proprietary specifications, the favored vendor may come in as an artificial low bidder because other manufacturers, in order to meet the restrictive design requirements, are forced to take exceptions that drive up the price of their offerings.²

The Commission also found instances in which the procurement process has been tainted by conflicts of interest in which fire officials – doubling as sales representatives for truck dealers – sold trucks to their own volunteer fire companies using manufacturers’ proprietary specifications. These individuals benefited financially from such transactions by collecting substantial commissions on the sales.

Besides its vulnerability to manipulation, the fire truck procurement process is structured such that fire departments, local governing bodies and the public they serve are not able to see exactly what they are paying for and whether it is reasonable. Manufacturers dictate pricing, and every vehicle essentially is custom-made. Thus, with proprietary specifications governing the design, it is virtually impossible to obtain accurate and meaningful price comparisons from one manufacturer to another. Furthermore, no itemized invoices are routinely provided to, or sought by, local

² Subversion of competitive bidding through the use of proprietary specifications was earlier examined by the SCI in connection with public school roofing construction in New Jersey. In a report issued in September 2000, the Commission revealed widespread price-gouging, contract manipulation and other abuses in dozens of school roof repair, replacement and renovation projects across the State.

purchasing authorities. As a consequence, it is never really clear whether a fire department got what it ordered, whether it paid too much or the extent to which it paid for things other than the truck itself. Utilizing its statutory power to gain access to documents via subpoena, the Commission obtained internal corporate sales records detailing the components of final lump-sum bills sent to municipalities. These records showed that, in addition to the cost of the truck, local taxpayers also routinely paid for multiple out-of-town factory inspection trips by municipal personnel; for promotional and advertising materials designed to benefit manufacturers; for sales commissions; and for assorted other charges. In one instance, taxpayers unwittingly paid for a fire truck sales representative and three of his friends to play golf in a charity outing – a tab worth several thousand dollars.

The back-drop for all of this is a complete dearth of meaningful and effective government technical assistance and oversight at a time when state and local budgets, constrained by scarce fiscal resources, are under enormous pressure to ensure that tax dollars are properly and efficiently spent.

Lacking the expertise to conduct independent evaluations of whether their communities are getting the equipment they genuinely need at the most reasonable price, local authorities responsible for raising and appropriating taxpayer dollars for the purchase of fire trucks generally apply a rubber stamp of approval to such contracts. The State, meanwhile, maintains a hands-off posture, leaving local officials to fend for themselves in difficult and technically complex procurements and allowing self-interested fire truck manufacturers and dealers to do business as they see fit. In statements to the Commission, a senior official of the New Jersey Department of Community Affairs (DCA) acknowledged that the current system is flawed and that, in particular, the practice of using proprietary specifications raises significant concerns because it casts “an appearance of collusion” over the procurement process.

To be sure, the Commission found instances in which local officials have attempted to safeguard the integrity of fire truck procurements, explicitly following statutory requirements with regard to competitive bidding and deviating from standard

practice by developing open, non-proprietary specifications as a basis for soliciting proposals from multiple vendors. But those examples, while salutary in themselves, also serve to point up a wider dimension of inconsistency that characterizes this system – a system ripe for fundamental reforms, including direct and aggressive State involvement in such procurements, as recommended at the conclusion of this report.

Finally, it is important to note that the Commission fully appreciates the primary importance of securing and maintaining quality fire equipment for the protection of the public and its firefighters. This is especially vital in our post-9/11 world where the essential machinery and personnel of public safety must remain at the ready to be mobilized against potentially catastrophic events requiring coordination and control, and, perhaps most importantly, a shared familiarity among first responders with the fundamental tools of their trade. The critical issue is how best to achieve that goal through proper, integrated, transparent and cost-effective procurement practices. Difficult fiscal times, in particular, demand creative strategies that will enable local governing bodies, strapped on one hand by diminished aid and on the other by the rising cost of everything from fuel to contractual health and pension benefits for employees, to extract savings in every reasonable way they possibly can.

Key Findings

The Commission's findings as set forth below fall into three major areas:

- **Improper Use of Proprietary Specifications**
- **Conflicts of Interest**
- **Lack of Transparency**

Improper Use of Proprietary Specifications

There are more than 700 local fire companies and departments in New Jersey, each singularly responsible for working with municipal governing authorities and/or regional fire districts in the acquisition of equipment necessary to satisfy the unique and essential public-safety requirements of their communities. Chief among this equipment are fire trucks, highly specialized vehicles that can range in price up to \$1 million or more. Although local fire companies and departments are not all in the market for new trucks in any given year, the level of purchasing activity in this regard nonetheless is substantial, collectively amounting to millions of dollars expended annually statewide, the bulk paid for by taxpayers either directly or through some form of long-term municipal borrowing.

The system for purchasing fire trucks, like that for the purchase of most municipal goods and services, is governed by New Jersey's Local Public Contracts Law, which mandates a competitive public process leading to the award of contracts.³ The goal of this statute is to prevent favored treatment for select vendors and to ensure that contracts are devised and awarded openly at the most reasonable price to the most responsible bidder. The law specifically prohibits the use of restrictive design specifications “. . . which knowingly exclude(s) prospective bidders by reason of the impossibility of performance, bidding or qualification by any but one bidder. . . .”⁴

³ N.J.S.A. 40A:11-1 et seq.

⁴ N.J.S.A. 40A: 11-13

The Commission examined 80 fire truck procurements conducted across New Jersey in recent years and found that, notwithstanding this statute, nearly three-quarters of the purchase proposals were drawn up using specifications that incorporated proprietary design requirements exclusive to a given manufacturer. Not surprisingly, more than half of such procurements drew only a single bidder – i.e. the vendor whose proprietary specifications virtually guaranteed it the ultimate contract award from the start.

How and why does this happen? Documentary evidence and sworn testimony gathered during this investigation from fire company personnel, municipal government officials, truck manufacturers and their dealer sales representatives point to a public procurement system that, for all practical purposes, has devolved into a captive of the private sector.

Most fire truck purchases in New Jersey are carried out by part-time volunteer firefighters who, by and large, are unskilled in the preparation of intricate design and performance specifications required for the production of such vehicles.⁵ No independent outside entity, such as the State, provides assistance and oversight in the formulation of these vital procurement documents, leaving fire officials little alternative but to search for and retain consultants or to rely on the manufacturers, through their dealer sales representatives, to provide specifications. Many choose the latter as the path of least resistance. Also, aside from the challenge of writing specifications, it is not unusual for fire company officials to settle on a specific brand of truck early in the process for a variety of far less technical reasons, including product familiarity, manufacturer reputation and ancillary matters related to warranty coverage, service and maintenance. Whatever the motivation, and however laudable it might be, the practical effect is to render competitive bidding meaningless, exposing the process to possible exploitation and manipulation.

⁵ It is important to note that not all fire departments lack expertise in this area. There are a number of fire departments in New Jersey staffed by full-time paid professionals, and some of these employ individuals who are trained in the technical intricacies of preparing design specifications for the procurement of fire trucks and other equipment.

The purchase process typically begins with the formation by fire officials of a “truck committee” to determine vehicle needs. As existing trucks near the end of their useful operational lives, the committee begins the work of researching new models.⁶ This may start with committee members visiting neighboring fire companies and departments to observe different models of trucks in operation, or attending regional or national firefighter conventions where manufacturers display trucks and distribute information about their products. It is not uncommon, nor is it necessarily improper, for fire officials to meet individually with sales personnel for various manufacturers to gain more explicit information about particular truck brands and models. The process runs awry, however, when these officials use one manufacturer’s specifications to the exclusion of all others in the preparation of a request for vendor proposals (RFP). In some cases, the custom specifications are provided by sales representatives who are themselves active members of the same fire company to which the truck is to be sold.

The Commission found instances in which proprietary truck specifications have been placed, virtually word for word, in the text of RFPs prior to their issuance. Although these documents may also include qualifying language ostensibly designed to open the procurement to other vendors capable of making an “equivalent” product, the overarching effect is to dampen competition.⁷ By definition, proprietary specifications make it virtually impossible for another vendor to produce a truck to the exact requirements specified. Consequently, would-be competitors are left with no alternative but to file numerous exceptions that essentially amount, in many instances, to requests that they be authorized to build a comparable truck in a different way. The Commission found that when it comes to fire truck procurements, the filing of such exceptions often serves as grounds for the rejection of a bid. Indeed, fire truck sales personnel themselves told the Commission that if they examine an RFP and find that the document appears to

⁶ The life span of a fire truck may be 10 to 20 years depending on frequency of usage and other factors, such as the differing wear-and-tear of urban and rural settings. In some cases, several trucks may be purchased simultaneously.

⁷ N.J.S.A. 40A:11-13 (d) recognizes that circumstances may warrant the use of proprietary specifications without qualification, i.e. a “. . . special need . . . directly related to the performance, completion or undertaking of the purpose for which the contract is awarded” The procurement documents in such cases, however, must stipulate why proprietary goods and/or services are required. In the fire truck procurements examined by the Commission, no local government purchasing authority set forth a reason for the incorporation of proprietary specifications.

be proprietary in nature, they will forego bidding altogether because they know another vendor has been given an inside edge in the procurement.

RFPs containing proprietary specifications typically are issued without revision by the municipality or fire district to be served by the proposed acquisition. Local officials told the Commission that they generally lack the technical know-how to conduct such an evaluation and instead rely on the presumed expertise of the fire company personnel who orchestrate the procurement. It is also unusual for local governing bodies to scrutinize the process prior to voting to authorize the contract award and, ultimately, to release public monies to cover the cost.⁸

Similarly, there is no mechanism at the State level for reviewing such procurements, even though the use of proprietary specifications is openly recognized as problematic and fraught with risk. William Kramer, Bureau Chief of the Division of Fire Safety in the Department of Community Affairs, acknowledged that the common use of such specifications not only defeats competitive public bidding but also raises the specter of impropriety. “. . . [T]here very well may be some sort of dealings that are improper between municipalities and manufacturers,” Kramer told the Commission in sworn testimony. Although he expressed uncertainty as to the actual scope and nature of such activity, Kramer stated that “there is definitely the need for improvement” in the system. Indeed, he is himself a ranking volunteer member of a fire department in Cinnaminson, Burlington County, that has purchased trucks under questionable circumstances over the years, including as recently as 2004.⁹ The sales occurred based upon proprietary specifications provided by a member of the department who was employed at different times as a sales representative for two manufacturers that won the contracts. Kramer had no involvement in those procurements. He acknowledged, however, that the circumstances constituted at the least an apparent, if not an altogether outright, conflict of interest. “I can see how the public would definitely look at it . . . in that light,” he stated.

⁸ In municipalities with fire districts, a board of fire commissioners has the ability to purchase fire trucks, authorize funding through a voter referendum and issue RFPs. (N.J.S.A. 40A:14-85)

⁹ For details on the fire truck purchases in Cinnaminson, see p. 16 under the section entitled **Conflicts of Interest** in this report.

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Following are representative examples of the Commission’s findings with respect to the use and effect of proprietary specifications in select municipalities:

Borough of Bogota

A review of the 2007 purchase of two fire trucks by this Bergen County community illustrates the extent to which the procurement of these vehicles can be subjected to manipulation when a select manufacturer receives favored treatment virtually from the start.

In January 2007, Bogota officials solicited bids for two custom pumper trucks at a total cost not to exceed \$800,000, a funding maximum authorized by local voters via referendum. One truck maker – Wisconsin-based Pierce Manufacturing Inc. – responded to the RFP. Pierce stated it would build the trucks exactly to the borough’s specifications for \$799,879 – a bid notable for the fact that it fell just \$121 below the funding threshold.

As the borough prepared to award Pierce the contract, some local officials, concerned that the RFP had drawn the interest of just one bidder, pressed for a wider solicitation of prospective vendors. In February 2007, the borough’s governing body decided to re-bid the entire package. This time, two manufacturers submitted proposals – Pierce, which responded with a second bid identical to its first, and Louisiana-based Ferrara Fire Apparatus, which offered to build the trucks at a combined cost of \$671,914. Although Ferrara’s bid fell nearly \$128,000 below that of Pierce, the borough concluded that the Louisiana firm’s proposal failed to meet a number of legalistic and technical requirements set forth in the RFP and awarded the contract to Pierce.

The Commission examined the full scope of circumstances surrounding this procurement and found that while there may well have been legitimate legal grounds for the rejection of Ferrara’s bid, the borough used a lop-sided process that was skewed in favor of Pierce to the exclusion of other manufacturers.

Documentary evidence and sworn testimony established that a dealer sales representative for Pierce, Gregg Cariddi, was given special access in Bogota from the outset. Cariddi testified that he was contacted by Ken Kalman, then-assistant chief of the borough's fire department and chairman of its truck committee, who told him the community was interested in obtaining Pierce trucks. Cariddi knew Kalman because both were employed at the time as full-time professional firefighters in neighboring Hackensack. Although Cariddi's sales territory for the Pierce dealer, Fire and Safety Services, Ltd. of South Plainfield, did not include Bogota, arrangements nonetheless were made for him to handle the deal.

Cariddi told the Commission that he personally provided borough fire officials with Pierce proprietary specifications, which were then incorporated verbatim into the text of the RFP. When the trucks were bid a second time, the same specifications were used without alteration. Cariddi testified that it would have been impossible for a manufacturer other than Pierce to satisfy the terms of the design requirements set forth in the RFP without taking exceptions. Indeed, the sales representative for Ferrara alluded to that very point in that firm's second-round bid proposal. "The specifications published by the Borough are catered toward a single manufacturer's proprietary construction methods and material," the Ferrara sales representative wrote. "Due to the differences and variations between manufacturer's construction materials and manufacturing methods, specific construction techniques and components utilized will differ."

Cariddi took an additional step to ensure that Pierce would win the contract by asking the borough to allow him to review and critique the competing bid. No similar request was made by a Ferrara representative to evaluate Pierce's bid. In completing his critique, Cariddi wrote a 17-page report delineating technical areas in which the Ferrara bid appeared to be deficient. Portions of his critique were incorporated by borough attorney Joseph Monaghan into a letter to the mayor and council formally recommending rejection of the Ferrara bid. Attached to this letter was a copy of Cariddi's critique bearing a letterhead and signature-line plainly identifying him as a sales representative for Pierce dealer Fire and Safety Services, Ltd. Cariddi ultimately received a \$14,264 commission from his employer for this proprietary sale.

Rockaway Township

When the Birchwood Fire Company in this Morris County community decided to buy a heavy duty truck in 2001, fire officials tried to prepare a generic RFP by cutting and pasting from design specifications obtained from a number of different manufacturers. Two ultimately submitted bids – Pierce and South Carolina-based American LaFrance LLC (ALF). Although ALF offered better terms on the trade-in value of the community’s existing truck and ultimately was the low bidder at \$253,810 – \$18,470 lower than Pierce’s bid of \$272,280, including trade-in – Rockaway officials awarded the contract to Pierce, finding that ALF’s proposal fell short of the specified design requirements in a range of areas. They also concluded that Pierce offered the prospect of better long-term warranty coverage.

The Commission reviewed the circumstances of this procurement and found that the initial attempt to develop open specifications was subverted when local officials allowed a Pierce sales representative to unilaterally review the RFP and make changes to the document prior to its release. The practical effect of this exercise was to put a proprietary stamp on the specifications in favor of Pierce. It is noteworthy that while ALF filed numerous exceptions to the explicit technical requirements of the RFP, Pierce was able to submit a bid that met every aspect of the specifications.

Galloway Township

Since 2001, Galloway’s five volunteer departments in Atlantic County have purchased trucks from different manufacturers, but in nearly every case, the specifications were written in such a way as to give the winning bidder an early advantage.

In three of the procurements, this was accomplished by taking proprietary specifications, including dimensions listed on schematic drawings provided by the manufacturers, and embedding these explicit design requirements directly into the RFPs. In 2001, and again in 2007, truck drawings were provided to the Bayview Fire Company by a representative of Kovatch Mobile Equipment Corp. (KME) of Pennsylvania months

before the RFP was released for the solicitation of bids. In both instances, the only bids received by the community were from KME – approximately \$250,000 for a pumper in 2001 and more than \$930,000 for an aerial platform truck in 2007.

In 2002, a similar scenario unfolded when the South Egg Harbor Fire Department released an RFP that included proprietary truck design schematics obtained from another manufacturer – American LaFrance – which submitted the lone bid and won a \$260,386 contract to build the truck.

In 2006, a would-be competitor raised objections when the Germania Fire Company used specifications proprietary to KME. The complainant was a Pierce sales representative who contended in his bid proposal that it would be impossible for any company other than KME to build the exact pumper truck specified by the RFP. “Since the Bid Specifications (sic) used for this project are proprietary to one manufacturer,” he wrote, “it is virtually impossible to list each and every item that is different from that specified.” Pierce’s subsequent bid of \$385,248 was determined to be deficient in more than two dozen technical areas. The contract went to KME, the apparent low bidder, for \$382,764.

Moorestown Township

Circumstances surrounding the purchase of fire trucks by this Burlington County community in 2001 and 2003 are emblematic of how these procurements often are conducted with the appearance, rather than the reality, of competitive bidding.

Months before bids were to be advertised for truck purchases in both years, Moorestown Fire District #1 officials publicly discussed the fact that they were waiting for a Pierce sales representative to complete work on the specifications before issuing an RFP. Minutes of meetings held by the district’s Board of Fire Commissioners around the time of the sales show that the same Pierce sales representative met with fire officials numerous times in preparation of the specifications. In sworn testimony to the Commission, the salesman confirmed these pre-RFP discussions and stated that he

provided technical design specifications that would favor Pierce in both procurements. While a half-dozen manufacturers' sales representatives picked up the 2001 RFP when it was released, only one – Pierce – submitted a bid. Two years later, Pierce was also the sole bidder. The combined sales amounted to more than \$1.3 million – \$318,899 in 2001 for a heavy duty truck and approximately \$1 million in 2003 for a pumper and aerial truck.

Middletown Township

Fire companies in this Monmouth County community have sought over the years to purchase trucks designed through proprietary specifications, but with mixed results.

In 2001, two weeks before an RFP was to be released, officials of Belford Engine Fire Company #1 informed the municipal government of their intent to buy a particular brand and model. In a letter to the township administrator, a fire company official stated that the volunteers had decided on a pumper truck to be manufactured by Missouri-based Precision Fire Apparatus Co. Attached to the letter was a copy of Precision's proprietary bid specifications, which were incorporated into the RFP. Though the competitive bidding process essentially was a ruse at this point, the township nonetheless went through the motions and received one bid – from Precision – at a project cost of \$255,830.

In a different outcome four years later, another of Middletown's 11 fire departments, the Independent Fire Company of Belford, was blocked by a municipal purchasing official from entering into a contract with a proprietary vendor. In 2005, the fire company received two bids to build a 100-foot mid-mount ladder truck – one from Smeal Fire Apparatus Co. of Nebraska for \$758,679, the other from American LaFrance (ALF) for \$749,806. But rather than selecting ALF, the low bidder by nearly \$9,000, the fire company sought to establish a contract with Smeal, a move that prompted questions from Michael J. Hrbek, Middletown's director of purchasing. After analyzing both manufacturers' bids and finding no legal impediment or safety-related reason to bypass ALF, he informed the fire company that the contract would go to that manufacturer as the

lowest responsible bidder. The decision triggered a lobbying campaign by a sales representative for Federated Fire Services Inc., Smeal's South Plainfield-based dealer, who repeatedly contacted Hrbek and urged him to reconsider. In response, Hrbek wrote a letter to the Independent Fire Company setting forth his concerns that Smeal appeared to have had an unfair advantage in the procurement. The letter stated, in part, "...The bid specifications were written specifically for Federated Fire Services making it impossible for anyone else to bid without taking exceptions."

Brick Township

Events in this Ocean County community demonstrate that questionable procurement practices can prevail even when a prominent official expresses concern.

In 2005, Brick Fire Chief Brian Kalinowski complained that a dealer sales representative for Pierce Manufacturing Inc. essentially was in control of the process being used by a Fire District #1 committee toward the purchase of three pumper trucks – a procurement ultimately valued at more than \$1.3 million. In January 2005, more than a month before the bids were to be advertised, Kalinowski sent a strongly worded e-mail to fellow firefighters taking issue with the fact that a Pierce sales representative had been invited to a meeting during which specifications were discussed:

I have a few problems with the way the committee for these trucks is going. We started out, all of us, to make a generic specification and not allow a salesman to dictate what we got, nor were we going to change what WE wanted in order to meet the requirement of a specific company. We seem to have lost our way.

The last meeting that was held . . . appears to have changes made to joint decisions with out (sic) the benefit of ALL members being present. I was not even invited to attend this meeting nor was [name redacted]. I was under the impression that it was to discuss equipment only, and that the equipment sub committee (sic) members were the only ones asked to attend. I didn't even know a salesman was going to be present.

It appears as though the bid process has been narrowed down to a field of one (Pierce). The last meeting I attended I believe Seagrave was still in the running but I haven't heard if they have been given the new changes

that are proposed. We now have to speed our process in order to make it before Pierce has a price increase?

What started out as a mutually amicable committee, where a lot of thought and honest debate played a big part in the decisions the committee made has vanished. What a shame as it was a pleasure to serve on a committee like that.

If only WE can get that back so the respective company's (sic) and tax payers (sic) get the most bang for their buck. [Emphasis throughout in original document]

In an e-mail reply, Barry Houman, chairman of the fire district's truck committee, defended the process as open to multiple bidders. He acknowledged, however, that the Pierce sale representative participated in discussions about customizing the truck's design:

A decision was made by me to hold a meeting to advance the development of the truck spec's (sic) without slighting anyone on the committee. The meeting was held to define the wheelbase of the truck. . . . The salesman was invited so we would have direct input as to how to keep the overall body length down and still develop a truck that fits everything that the committee to date wanted on the truck. Naturally a few other items came up but there were no decisions made outside of the questions were proposed (sic) in my last e-mail. I was confident that the representation that was present would keep the integrity of the committee that nothing was being done behind closed doors.

*As to the eliminating of vendors. The intention of the spec's (sic) is to get the best truck for the taxpayer's money as well as not compromising the firefighting capabilities or safety of the firefighters. The COMMITTEE [emphasis in original] had investigated Seagrave and found that their aluminum body is only a year in production since merging with a company that was making aluminum box trucks. American LaFrance presented a nice truck but with the complaints that were voiced . . . about being \$45,00.00 (sic) overbudget on maintenance costs doesn't sound like it would be in the taxpayer's interest. We want someone with more experience in aluminum work and a truck that is going to give us 25 years of good service and hopefully keep down maintenance costs. **The spec's (sic) have to be drawn up by someone.** [emphasis added] Others that meet the spec's (sic) will be given equal consideration. I am confident that the commissioners will accept the vendor who provides the best for both the taxpayers and firefighters.*

Ultimately, Pierce won the contract – with a proposal that came in \$17,000 higher than the low bidder, Smeal Fire Apparatus Co.

Conflicts of Interest

The vulnerability of fire truck procurements to manipulation is compounded by circumstances that give rise to unfettered conflicts of interest. During this investigation, the Commission discovered that it is not unusual for dealers representing fire truck manufacturers to employ as sales personnel individuals who are members of fire companies, including those in senior positions of influence. Of 90 dealer sales representatives who have worked in New Jersey since 2003, 67 of them – 75 percent – were/are members of paid or volunteer fire departments.

While it makes sense to have individuals most familiar with fire trucks involved in the process of procuring them, this investigation revealed instances in which firefighters/sales representatives, acting with no effective legal or ethical impediment, orchestrated deals in which trucks were sold to their own fire companies. At the completion of such sales, these individuals collected thousands of dollars in sales commissions, the cost of which was unspecified in lump-sum bills presented to and paid by the responsible municipal purchasing authorities.

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Gregg Cariddi, the Pierce salesman in the Bogota procurement, is a captain in the River Edge, Bergen County, Volunteer Fire Department where he has served as a firefighter since 1999. He has also been employed since early 2001 as a sales representative for Fire and Safety Services, Ltd., the New Jersey dealer for Pierce. In 2002 and 2005, Cariddi provided River Edge with proprietary Pierce specifications that formed the basis for procurement documents issued by the community on behalf of his fire company. On each occasion, Pierce was the lone bidder. In 2002, the community paid \$649,816 for an aerial ladder truck manufactured by Pierce and, in 2005, \$393,701

for a Pierce-made top-mount pumper truck. The prices included a combined total of more than \$24,000 in sales commissions received by Cariddi.

Cariddi told the Commission in sworn testimony that his business relationship with Pierce was known among fellow firefighters. However, he never informed municipal officials of his dual role, and there was no requirement that he do so or that he recuse himself from the sales transactions. He testified that he felt his actions were appropriate because he was not involved in the actual deliberations and actions of the fire department's truck committee and played no role in bid evaluations.

Cariddi also serves as a paid firefighter in Hackensack where, beginning in 1987, he served on the Hackensack Fire Department's apparatus committee, which is responsible for evaluating and purchasing equipment. Although a non-voting member of this committee, Cariddi testified that he provided input regarding the design of trucks sought by the department. He continued to fulfill this role after he was hired in January 2001 as a sales representative for Fire and Safety Services, Ltd., based upon his introduction to executives of that firm by a friend who already was employed there and whose sales territory included Hackensack. In 2003, according to Cariddi's sworn testimony, an RFP was prepared for Hackensack using Pierce proprietary specifications for the design of a heavy duty aerial ladder truck sought by the department. The RFP was considered and approved by the apparatus committee and drew one bid – from Pierce. The firm was awarded a sales contract for the specified truck at a price of \$711,861.

The Commission found no evidence that Cariddi actively participated in the sale of this or any other fire truck to Hackensack. However, in 2007, based upon concerns triggered by this investigation, senior department officials determined that it was not appropriate for him, as a manufacturer's sales representative, to continue his involvement in the work of the apparatus committee.

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In Cinnaminson, Burlington County, the Commission found that the local volunteer fire company's selection of manufacturers shifted over the years depending on

the employment status of its favored truck salesman – Ed Miller, the fire company’s vice president.

As a sales representative for Wisconsin-based Marion Body Works Inc. during the 1990s, Miller provided proprietary specifications to Cinnaminson for the purchase of four Marion-made pumper trucks. In 2003-04, Cinnaminson was in the market for a mid-mount aerial platform truck, and it turned to Miller again – this time in his new capacity as a sales representative for Fire and Safety Services, Ltd., the New Jersey dealer for Pierce Manufacturing. At the request of the fire company’s truck committee, Miller provided specifications for a Pierce-manufactured truck. Pierce was one of two bidders in response to an RFP and won a sales contract worth \$692,155 – a transaction that earned Miller a sales commission of more than \$38,000.

Miller testified that he saw no conflict in his dual role as a ranking fire company official and manufacturer sales representative because, throughout the course of all of these procurements, he held no position that required him to vote on a proposed purchase or to establish the funding for it. As to whether he notified anyone in Cinnaminson’s administration or any members or officials of the fire company of his status as a fire truck sales representative, Miller testified that he could not recall.

Lack of Transparency

A recurrent phenomenon throughout this investigation was the absence of any mechanism to ensure that officials of municipal governing bodies, fire districts and fire companies, and the taxpayers at large, know what they are paying for in the price of a fire truck.

Generally, the final bill takes the form of a simple lump-sum invoice that, for all intents and purposes, purports to represent the cost of the truck and nothing more. In fact, this figure often includes thousands of dollars worth of added charges for goods, services and activities over and above the actual vehicle price. While some of these items may be delineated within the technical language of the design specifications, they are

difficult to find unless a person knows what he/she is looking for and where to find it. Indeed, of the 80 fire truck procurements examined in this inquiry, there is no evidence to suggest that a single local purchasing authority requested or received an itemized invoice detailing the full array of component costs that make up the bottom line.

The Commission obtained detailed breakdowns of select final invoices via subpoena from fire truck dealers and manufacturers and found that the add-ons typically include everything from sales commissions, dealer prep and training for firefighters who will use the new vehicle to out-of-state factory inspection trips by municipal and fire company personnel during production. The additional charges were also found to include expenses related to “promotional” advertising materials, such as hats and t-shirts emblazoned with manufacturers’ logos.

One particularly questionable item in the promotional category surfaced during the review of a dual fire truck procurement by New Brunswick. In 2006-07, the city purchased two pumper trucks from Wisconsin-based Seagrave Fire Apparatus Co. During the course of the procurement, Seagrave’s dealer sales representative, Robert Zelehoski, wrote an internal corporate memorandum stating that “we committed to a \$3,500 donation” to a foundation established by the family of James D’heron, a New Brunswick firefighter killed on duty in 2004. “The cost for the donation,” Zelehoski wrote, “will be covered with promotional money from the new pumpers the city has on order.” On August 3, 2007, Zelehoski submitted a corporate check request for \$3,500 to be made out to the “Jimmy D. Memorial Golf Outing.” For internal company accounting purposes, this document further stated that the \$3,500 was to be divided evenly into two increments of \$1,750 and “charged to new trucks – New Brunswick.” After the check was sent, Seagrave Sales and Service Co. of East Brunswick received a letter from the “Jimmy D” Memorial Golf Classic Committee expressing gratitude for the donation.

The Commission determined that despite the appearance of corporate generosity, the donation was actually covered by the taxpayers of New Brunswick because it was ultimately embedded as a component charge in the lump-sum price paid for the two Seagrave pumpers purchased by the city. Zelehoski acknowledged in sworn testimony

that the \$3,500 was billed to the city under “promotional items” and covered the cost for him and for three of his friends – none of whom were employees of either the manufacturer or its dealer – to play golf at the charity outing. Zelehoski testified that it is not uncommon for the company to include the cost of promotional items in the price it charges for fire trucks and that it retains that money even if no such items are actually purchased.

Recommendations

Taxpayers in New Jersey should have confidence in the integrity and reasonableness of any system underlying the purchase of goods and services at their expense, particularly when it comes to the machinery of public safety. Similarly, public officials responsible for carrying out taxpayer-financed procurements should have every means at their disposal to ensure that such purchases are properly and effectively conducted. The Commission's findings with regard to the procurement of fire trucks demonstrate the need for significant reforms to enhance rather than stifle competition among prospective vendors, to assist local purchasing authorities in obtaining the best and most appropriate product at the best possible price, to ensure greater public transparency and disclosure and to provide a safeguard against conflicts of interest and questionable ethics practices that can subvert or at least cast a cloud over the integrity of the process.

The Commission, therefore, makes the following recommendations for systemic reform at the state and local levels:

- **Establish a State-Level Procurement Mechanism to Ensure Fair Competition, Provide Oversight and Maximize Savings**

Officials responsible for developing and awarding public contracts should never have to rely – by choice or necessity – on any questionable or inappropriate procurement tool that denies vendors a level playing field and/or impedes taxpayers from getting the best bang for their buck. As currently structured, the system for purchasing fire trucks is wide open to abuse on both counts because widespread reliance on manufacturers' proprietary specifications undermines fair and open competition.

Given the findings of this investigation, the State, through the Department of Community Affairs (DCA), should assume direct involvement in and oversight of all fire truck procurements.

Municipal and fire department officials, once they determine the need for such equipment, should have at their disposal a central point of contact at DCA through which they can receive technical advice and assistance in initiating the procurement process.

Further, DCA should develop an appropriate array of generic, non-proprietary truck design specifications for use by local authorities as a basis for crafting procurement documents that meet the unique fire safety requirements of a given locality. Once these locally customized procurement documents have been prepared, they should be submitted to DCA for review to certify that they remain open to participation by multiple prospective vendors. In serving as a repository for generic specifications, DCA should also offer training and guidance to local authorities on the proper conduct of such procurements and provide a vital level of oversight where none currently exists.

For those local authorities that opt to have fire truck procurements handled directly through DCA, the agency should work with the State Department of the Treasury, Division of Purchase and Property, to ensure that fire trucks are among the goods and services included in New Jersey's existing Cooperative Purchasing Program. This program allows municipalities and their procurement units to buy equipment, supplies and services – everything from cleaning products to playground equipment – under the terms of a central State contract. Besides offering the prospect of savings through discounted volume pricing, such programs make the procurement process more efficient and eliminate the questionable practice of local governments having to underwrite the costs of commissions paid to private-sector sales personnel. While fire trucks are not currently included as part of New Jersey's statewide purchase program, despite the fact that police cars, utility trucks and other types of specialized vehicles are, a number of other states have enabled localities to buy fire trucks under the umbrella of a statewide contract. Each of these states has taken its own approach in structuring the purchase mechanism in order to allow for customization of the trucks while also enacting some degree of price control. Louisiana, for example, has entered into agreements with manufacturers to provide a number of basic fire truck models directly to local purchasing authorities who can further customize their order as long as the cost of the added

components does not exceed 10 percent of the total price. In Pennsylvania, the statewide purchasing cooperative is structured such that participating manufacturers are able to offer discounts in the range of 15 to 20 percent.

- **Enhance Public Transparency and Disclosure**

Throughout this investigation, municipal government and fire company officials who participated in the purchase of fire trucks repeatedly acknowledged that they were in the dark as to the full universe of costs associated with such procurements. Typically, bids submitted by prospective vendors in response to RFPs do not specify the dollar value of any of the multitude of components to be used in production. Furthermore, once a sale is completed and the vehicle is delivered, the local purchasing authorities are presented with little more than a lump-sum bill with no breakdown of the charges, which, per this investigation, have been found to include a range of items not directly related to actual hardware production.

Full disclosure of all costs to be incurred by local taxpayers in these procurements should start at the beginning of the process when vendors respond to an RFP. Given the substantial public investment in these acquisitions, all vendors that submit proposals for contracts with local government units for the sale of large specialized machinery, including but not limited to fire trucks, should be required to provide a comprehensive itemized price list covering all component parts to be included in production. Such data would enable local officials to conduct meaningful comparisons between vendor proposals before making a final selection. Furnishing this information should not constitute an onerous burden as vendors routinely maintain such price lists internally. Indeed, the Commission found that in some states that have established cooperative purchase programs, this component price information is posted online and thus is readily available for examination by prospective customers.

In addition, at the completion of production and prior to payment, vendors should again provide an itemized list delineating each component provided and its cost so that

local purchasing authorities can confirm that their community is, upon delivery, going to receive what it paid for. This final invoice should also list any ancillary costs incorporated into the final bill, including but not limited to the cost of factory inspection trips, promotional items, sales commissions, charitable contributions and any other items charged to the taxpayers.

- **Strengthen Local Ethics Requirements**

Public procurements requiring the expenditure of substantial amounts of taxpayer money, including but not limited to the purchase of fire trucks, should be safeguarded from even the appearance of conflicts of interest. The Local Government Ethics Law – the statute governing the ethical standards of local government officials and employees – does not explicitly identify fire personnel as among those subject to the terms of any code of ethics.¹⁰ Thus, the law should be amended to eliminate any ambiguity about whether paid and/or volunteer fire personnel are included among municipal personnel covered by ethics provisions. In the communities where fire truck procurements were examined as part of this investigation, the Commission found no municipal or fire district code of ethics that clarified this ambiguity

Further, while the existing statutory language defining and proscribing conflicts of interest prohibits a local government officer or employee from using his office to secure unwarranted privileges or advantages for himself or others, or from using information not generally available to the public for the purpose of securing financial gain for himself, the law is silent on procurement issues and, more precisely, on the role of fire company personnel engaged in the sale of fire trucks.¹¹ Therefore, in order to address explicitly any potential conflicts of interest, such as situations in which a fire official or employee seeks to sell fire equipment or vehicles to his own fire company, the law should be amended to specify fire company personnel as among those municipal officials and employees who are required to file annual financial disclosure forms that

¹⁰ N.J.S.A. 40A:9-22.1 et seq.

¹¹ N.J.S.A. 40A:9-22.5

detail sources of outside income. Also, any member of a paid or volunteer fire company who is also a sales representative for a dealer or manufacturer of fire equipment, or who is employed in any capacity by such a dealer or manufacturer, should be required to register as such with DCA. Such individuals should also recuse themselves from participation in all meetings or discussions dealing with the evaluation and selection of prospective fire equipment vendors. Furthermore, all sales representatives for fire equipment manufacturers or dealers doing business with local government units should be required by law to personally sign affidavits attesting that they are not engaged in any form of collusive activity and are not aware of any conflict of interest in their involvement in the procurement process.

APPENDIX

N.J.S.A. 52:9M-12.2 provides that:

- a. The Commission shall make a good faith effort to notify any person whose conduct it intends to criticize in a proposed report.*
- b. The notice required under subsection a. of this section shall describe the general nature and the context of the criticism, but need not include any portion of the proposed report or any testimony or evidence upon which the report is based.*
- c. Any person receiving notice under subsection a. of this section shall have 15 days to submit a response, signed by that person under oath or affirmation. Thereafter the Commission shall consider the response and shall include the response in the report together with any relevant evidence submitted by that person; except that the Commission may redact from the response any discussion or reference to a person who has not received notice under subsection a. of this section.*
- d. Nothing in this section shall be construed to prevent the Commission from granting such further rights and privileges, as it may determine, to any person whose conduct it intends to criticize in a proposed report.*
- e. Notwithstanding the provisions of R.S. 1:1-2, nothing in this section shall be deemed to apply to any entity other than a natural person.*

The following materials are responses submitted pursuant to those statutory requirements.

SILLS CUMMIS & GROSSEIVED
A PROFESSIONAL CORPORATION
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The Legal Center
One Riverfront Plaza
Newark, New Jersey 07102-5400
Tel: 973-643-7000
Fax: 973-643-6500

One Riverfront Plaza
Newark, NJ 07102
Tel: 973-643-7000
Fax: 973-643-6500

650 College Road East
Princeton, NJ 08540
Tel: 609-227-4600
Fax: 609-227-4646

Liz Kurtz
Associate
Direct Dial: (973) 643-5196
E-mail: ekurtz@sillscummis.com

September 5, 2008

VIA FACSIMILE/FEDERAL EXPRESS

Dick Sedefian, Esq.
Counsel
State of New Jersey
State Commission of Investigation
28 West State Street
P.O. Box 045
Trenton, NJ 08625-0045

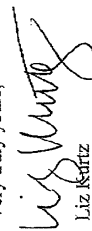
Re: **Gregg Cariddi Notice of Proposed Report
Dissemination No. 08-08-006**

Dear Dick:

I am sending you by fax and overnight delivery Mr. Cariddi's sworn statement in response to the above-referenced proposed report. Please do not hesitate to call me if you have any questions or concerns.

Thank you for your careful consideration of our submissions in this matter. Your courtesy and professionalism are greatly appreciated.

Very truly yours,


Liz Kurtz

LK/hl
Encl.

In re SCI Investigation

Notice of Proposed Report, Dissemination No. 08-08-006

I, GREGG CARIDDI, certify and state as follows:

1. Pursuant to N.J.S.A. § 59-9M-1.2.2(c), I submit this sworn statement in response to the above-referenced proposed report excerpts. The information contained herein is based either on my personal knowledge or my review of the records of Fire & Safety Services, Ltd. ("Fire & Safety Services").

2. As to the first paragraph of Release 08-08-006, I have no comments or objections.

3. I object to the second and third paragraphs of Release 08-08-006. The second paragraph states that the 2007 purchase of two fire trucks by the borough of Bogota, New Jersey was "subjected to manipulation when a select manufacturer receive[d] favored treatment virtually from the start." The third paragraph states that, in January 2007, "Bogota officials solicited bids for two [fire] trucks at a total cost not to exceed \$800,000," and that Pierce Manufacturing, Inc., which submitted a bid for \$799,879, was the only truck maker to respond to the RFP. This bid was, the Proposed Report states, "notable for the fact that it fell just \$121 below the funding threshold."

The purchase of the two fire trucks by the borough of Bogota was in no way "manipulated" to favor Pierce. As a preliminary matter, the suggestion that Pierce's submission of a bid close to the funding authority authorized by public referendum is indicative of such "manipulation" ignores the fact that the amount of funding approved for the purchase of the trucks was a matter of public information. Moreover, I and

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representatives of competing fire truck manufacturers met with Bogota fire officials prior to the referendum for the express purpose of their developing a budget and funding authority that met the requirements for the features they wanted in the fire trucks.

4. I object to the fourth paragraph of Release 08-08-006, the last sentence of which provides that "[a]lthough Ferrara's bid fell nearly \$128,000 below that of Pierce, the borough concluded that the Louisiana firm's proposal failed to meet a number of legalistic and technical requirements set forth in the RFP and awarded the contract to Pierce." It is incorrect to state or imply that the ways in which Ferrara's proposal were non-compliant were "legalistic and technical;" rather, the proposal failed to meet significant, substantive requirements with respect to mechanical and non-mechanical aspects of the fire trucks sought by Bogota.

For example, Ferrara did not have an authorized service center in New Jersey, and thus could not have serviced the fire trucks locally; its proposal did not contain several important warranty requirements related to crucial parts of the apparatus, such as the frame rail, rear axles, transmission cooler, and pump plumbing; and Ferrara did not have the amount of insurance required by the RFP. Moreover, Ferrara's proposal was deficient with respect to numerous, extremely important, safety features required by the RFP. It did not contemplate (among other things), the use of brake lines wrapped in heat-protective loom where necessary in the chassis, or of the required fuel shutoff valves; it did not comply with the requirement that a second parking brake be supplied for the use of the officer, so that the fire truck could be stopped in the event that the driver became incapacitated; and it did not provide for the installation of sensors in each seat, which would notify the driver and officer if the occupant did not have his seat belt fastened. (The second leading cause of firefighter deaths and

injuries is accidents which occur in transit to and from emergencies, when unbelted firefighters are often thrown from the apparatus.) These are but a few of the many serious deficiencies of the Ferrara proposal.

5. I object to the fifth paragraph of Release 08-08-006, which concedes that "there may well have been legitimate legal grounds for the rejection of Ferrara's bid," but concludes that "the borough used a lop-sided process that was skewed in favor of Pierce to the exclusion of other manufacturers." It is not clear what "process" the Commission is referring to, how such a process was "lop-sided," or how Pierce was favored and other manufacturers excluded. Throughout the "process" of bidding the fire trucks, from the development of Bogota's specification to the ultimate acceptance of the bid, Pierce had no greater access to Bogota officials than did any other manufacturer, and no access to information that was not available to the general public.

6. I object to the sixth paragraph of Release 08-08-006, which states that "a dealer representative for Pierce, Gregg Cariddi, was given special access to Bogota from the outset." I further object to the implication that my acquaintance with a member of the Hackensack Fire Department and the eventual decision that I would handle the Bogota transaction are in any way related, which is inaccurate. I believe that the Hackensack firefighter referred to in this paragraph, who was a member of the Bogota apparatus committee, indicated to a colleague of mine at Fire & Safety Services that the town was researching a new truck purchase. It is a common practice for members of apparatus committees, who are themselves firefighters, to reach out to friends and fellow firefighters who are employed as dealer representatives when they begin the process of purchasing a new truck. Indeed, this is how competing manufacturers arrange to make presentations to truck

committees. It is misleading to suggest that I had either a general advantage or greater access than any other dealer representative who was consulted by Bogota. Finally, I was asked to work on the Bogota transaction because my Fire & Safety Services colleague, in whose sales territory Bogota lies, was particularly busy with other matters and felt that the transaction would be easier for me to handle because I lived nearby in Bergen County (which other Fire & Safety colleagues do not).

7. I object to the seventh paragraph of Release 08-08-006 as misleading to the extent that it describes the "proprietary specifications" that were provided to Bogota and states that "it would have been impossible for a manufacturer other than Pierce to satisfy the terms of the design requirements set forth in the RFP without taking exceptions." Specifications do, in general, reflect the imprimatur of one manufacturer's process or design over that of another. However, most of the major fire truck manufacturers offer comparable features despite design and manufacturing differences. Thus, it is not at all unusual for a manufacturer to win a bid despite exceptions. It is therefore inaccurate to imply that a manufacturer who takes exceptions is at a presumptive disadvantage.

8. I object to the eighth paragraph of Release 08-08-006, which is misleading in its description of the events at issue. Although I did "review and critique" the competing bid, this is an extremely common practice. Bid proposals become public information as soon as they are submitted, and it is not unusual for dealer representatives to review their competitors' bids. This often takes place in a very open setting; indeed, competitors often review one another's proposals at the same time, since they are generally kept on file at clerks' offices.

I decided to examine Ferrara's bid proposal at some length because it was, quite simply, priced so far below any reasonable deviation that could be expected for a comparable truck. While Pierce and its competitors are usually within \$5,000 to \$10,000 of one another, or even \$20,000 in some instances, a difference of over \$60,000 (per truck) was very unusual. When I tried to obtain the proposal from the clerk, however, I was told that it was at the office of the borough attorney, Joseph Monaghan, in Hackensack. I had no prior relationship with Mr. Monaghan. I went to Mr. Monaghan's office to examine the proposal, and, upon doing so, I learned that it was substantively different from the RFP in so many respects that it could not fairly be considered a proposal for the truck specified in the RFP. It was also deficient with respect to many important safety features, as set forth above. As I was leaving Mr. Monaghan's office, we chatted briefly and he asked me if I would send him my notes on the proposal, which I did in the form of a letter (dated April 3, 2007).

I further object to the eighth paragraph of Release 08-08-006 as incomplete to the extent that it discusses the commission I received for this transaction. (I do not know what is meant by "proprietary sale.") I did receive a commission of \$14,264 from my employer on the sale of the two trucks to Bogota, which amounted to nearly \$800,000. Thus, I received a commission of less than 2% of the total sale, despite spending considerable time in meetings and drafting specifications to support this sale.

9. The ninth paragraph of Release 08-08-006 states that "dealers" representing fire truck manufacturers employ as sales representatives fire company members who are "in senior positions of influence." To the extent this refers either to me or Fire & Safety Services it is inaccurate. I have never been in a "senior position of influence" with the Hackensack Fire Department, the River Edge Fire Department, or any other Fire Department while

simultaneously conducting a sales transaction with their departments on behalf of a fire truck manufacturer. Similarly, while Fire & Safety Services, as well as its competitors, employ as sales representatives individuals who are also line fire fighters, both volunteer and paid, I am unaware of Fire & Safety Services employing individuals in "senior positions of influence" who simultaneously sell a fire truck to the department in question.

10. I object to the tenth paragraph of Release 08-08-0065 as misleading to the extent it refers either to myself or Fire & Safety Services. It is true that commissions are earned on the sale of fire trucks. While Fire & Safety Services, and to my knowledge its competitors as well, do not provide itemized invoices for fire trucks to Fire Departments (though in the case of Fire & Safety Services change order pricing is provided upon request), the fact that a commission is earned is not concealed and is well known to purchasing authorities. In the case of Fire & Safety Services, this commission is divided between the dealer and the sales representative such as myself. While this sum can indeed be "thousands of dollars" as a percentage of the price of the fire truck, it is typically around 5% depending on the manufacturer and the truck in question. Moreover, the purchase of a fire truck can take many months and numerous meetings between the Fire Department and manufacturer representative during which extensive advice is provided to describe a truck suited to the unique needs of the Department in question; in addition, the representative continues to provide service to the customer long after the purchase. In short, the manufacturer representative provides a valuable service in exchange for his commission. Finally, I am not aware of any provision of the New Jersey public bidding laws which requires the submission of itemized costs.

11. I object to the eleventh paragraph of Release 08-08-006, which is misleading to the extent that it suggests a connection between my service to the River Edge Volunteer Fire Department and the Department's purchase of Pierce fire trucks in 2002 and 2005. I have been a member of the River Edge Fire Department for approximately 17 of the last 25 years. I served as a Second Lieutenant from January of 2002 to December of 2005, and in January of 2006 became a Captain. (I believe I misspoke, in my testimony before the Commission, regarding the date of my promotion to Captain.) At the time of the 2002 and 2005 purchases, I was a Second Lieutenant – a position that does not carry "senior influence" or bestow any authority or decision-making power over budgets, purchasing, or expenditures of any kind. At the time of the purchases I was not on the Department's apparatus committee, and I was not in a position to approve or disapprove such transactions.

12. I object to the twelfth paragraph of Release 08-08-006, which states that I "never informed municipal officials of [my] dual role," as a firefighter and a dealer representative for Pierce. While it is true that I did not make a formal, written disclosure of my business relationship with Fire & Safety Services, it is also true that both the firefighters with whom I work and the municipal officials with whom I came into contact in either capacity were either neighbors, acquaintances, or friends. There is little doubt in my mind that they were aware of my positions, about which I have always been open and forthcoming.

13. I object to the thirteenth paragraph of Release 08-08-006, which mischaracterizes my role on the apparatus committee of the Hackensack Fire Department and certain events described. While it is true that I participated in apparatus committee meetings, I was a non-voting member whose only role was to provide technical consultation to the committee. And, while it is true that Hackensack decided to buy a Pierce truck in 2003, this

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COMMUNICATION

BARRY HOUMAN
283 Boeing Drive
Brick, New Jersey 08723

August 27, 2008

decision was based in no small measure on the Department's satisfaction with a Pierce truck that had been purchased several years earlier, in 2000, prior to my becoming associated with Fire & Safety Services. (At the time of the 2000 purchase, I was employed by another fire apparatus dealer, Campbell Supply Company, which is the representative of American LaFrance.) In other words, the Department's decision to purchase a Pierce truck in 2003 reflected its experience purchasing and using the earlier truck, and was unrelated to my limited role in apparatus committee meetings.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.


GREGG CORRADI

State of New Jersey
Commission of Investigation
28 West State Street
P.O. Box 045
Trenton, New Jersey 08625-0045

Attn: Alan A. Rockoff

RE: Notice of Proposed Report
Dissemination No.: 08-08-004

Dear Mr. Rockoff:

In response to your August 11, 2008 correspondence, I offer the following:

In preparation of the bid specifications, the apparatus committee, to the best of my recollection met with several vendors, including, but not limited to, Smeal, American LaFrance, Pierce and Seagrave prior to drafting the specifications. The committee attended shows where vendors exhibited their product. Prior to attendance at the shows and meetings with the several fire apparatus manufacturers, a list of questions was developed to ask each vendor to see what was available for purposes of compiling the specifications. The final set of specifications was a compilation of the best of everything the manufacturers had to offer.

I attach hereto an unsigned copy of a Resolution which was passed by the Board of Fire Commissioners setting forth Federated Fire Service, Inc.'s non responsiveness to the bid specifications. It was found at that time, and I agree with same, now that Federated Fire Service, Inc. was non responsive not because they were unable to provide those items; however, they refused to do so. None of those items were proprietary.

The Commission should take recognition of the fact that the specifications were built around equipment and facility needs in addition to specific unique circumstances within the

District. It was the Committee's position as well as the Board's that Federated Fire Service, Inc.'s non responsive proposal did not meet the District's intended use.

If you desire more information or clarification, please contact me.

Very truly yours,


BARRY HOUMAN

RESOLUTION

WHEREAS, the Commissioners of Fire District #1, Township of Brick, County of Ocean, State of New Jersey publicly advertised in the Asbury Park Press on February 14, 2005 (a copy of the Affidavit of Publication is attached hereto) for bids for three (3) Pumpers pursuant to and in accordance with N.J.S.A. 40A:11-4; and

WHEREAS, in response to the public advertisement, seven (7) requests for Specifications were received and forwarded specifically to; Fire & Safety Services, Ltd., Campbell Supply Co., Federated Fire Services, Inc., James B. Hunt Company, Continental Fire & Safety, Ferrara Fire Apparatus, and PL Custom Emergency Vehicles;

WHEREAS, on the return date for the bid proposal, namely March 2, 2005, the Commissioners received two (2) bid proposals as follows:

[a]	Pierce Manufacturing Inc.	-	\$1,326,744.00
[b]	Federated Fire Services, Inc.	-	\$ 436,463.00

and

WHEREAS, the Commissioners Apparatus Committee reviewed the Specifications for compliance and responsiveness to the bidding documents; and

WHEREAS, counsel for the Commissioners reviewed the Specifications for compliance with the applicable law; and

WHEREAS, as a result of the above set forth review, certain issues arose which were set forth in a March 18, 2005 correspondence over the letterhead of Jay C. Sendzik, Esq. to Federated Fire Services, Inc., a copy of which is attached hereto; and

WHEREAS, in response to the above set forth correspondence, Federated Fire Services, Inc. issued correspondence dated March 21, 2005, a copy of which is attached hereto; and

WHEREAS, as a result of the March 21, 2005 correspondence referenced above, the Committee met with counsel for the Commissioners to discuss issues regarding compliance and responsiveness; and

WHEREAS, after meeting with counsel for the Commissioners, the Committee finds Federated Fire Services, Inc. not to be responsive to the Specifications for the following reasons:

1. Failed to provide seventy-five (75) gallon fuel tank;
2. Failed to provide windows along raised roof design;
3. Failed to provide compartments covered with tread plates;
4. Failed to provide compartments size as specified;
5. Failed to provide a lifetime warranty on Roll-up doors.
6. Pike Roll storage where located is inconvenient;
7. Failed to provide 5" front suction valve with manual crank;
8. Failed to provide automatic booster reel purge system.

9. 4" large diameter discharge incorrectly located.
10. Roll-out equipment trays insufficiently rated;
11. Failed to provide a swing out tool board over driver's side rear wheels.
12. Failed to identify electric cord reel location;
13. Failed to provide appropriate color for apparatus specified;
14. Failed to specify extended seat belt lengths;
15. Failed to provide remote bleeders on air tanks;
16. Failed to specify exhaust system shall adapt to the stations pivovent system.

and

WHEREAS, failure to comply with all of the above severely impacts the operational and safety concerns of the Commissioners; and

WHEREAS, since Federated Fire Services, Inc. was non-responsiveness to the bid documents, the Commissioners reviewed the bid proposal of the second low responsible bidder namely; Pierce Manufacturing Inc.; and

WHEREAS, the Commissioners find both bidders to be responsible; and **WHEREAS**, the Commissioners find Pierce Manufacturing, Inc. to have complied with the bid Specifications; and

WHEREAS, the Commissioners have sufficient funds to purchase one (1) Pumper without additional financing, however, require funding to purchase the remaining two (2) Pumpers; and

WHEREAS, authorization to finance the purchase must be received from the Department of Community Affairs prior to publicly advertising for financing;

NOW, THEREFORE, BE IT RESOLVED, by the Commissioners of Fire District #1, Township of Brick, County of Ocean and State of New Jersey that they reject the bid proposal of Federated Fire Services, Inc., Inc. dated March 1, 2005 for the reasons set forth above and that the bid be awarded to Pierce Manufacturing, Inc. in the amount of \$1,326,744.00 and authorize a Contract to be entered into subject to the approval of financing by the Department of Community Affairs and receipt of appropriate financing; and

BE IT FURTHER RESOLVED, that the President, Secretary, District Solicitor, and Auditor be authorized to submit and execute the appropriate documents to effectuate the above.

CERTIFICATION

I, **FRANCES GAIL MATTHEWS**, do hereby certify that the foregoing is a true and compared copy of an original Resolution now on file and of record in my office which was duly adopted at a public meeting held on the 5th day of April, 2005.

I do further certify that the said Board of Fire Commissioners of Fire District #1, Township of Brick, County of Ocean, State of New Jersey is composed of - - members and that - - members were present and - - members voted affirmatively for the adoption of the Resolution and - - members voted against the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the Board of Fire Commissioners of Fire District #1 on this 5th day of April, 2005.

FRANCES GAIL MATTHEWS, SECRETARY
Board of Fire Commissioners
Fire District #1
Township of Brick

SILLS CUMMIS & GROSS
A PROFESSIONAL CORPORATION

The Legal Center
One Riverfront Plaza
Newark, New Jersey 07102-5400
Tel: 973-643-7000
Fax: 973-643-6500

Jack Wenik
Member of the Firm
Direct Dial: (973) 643-5268
E-mail: jwenik@sillscummis.com

August 26, 2008

VIA FACSIMILE/FEDERAL EXPRESS

Dick Sedefian, Esq.
Counsel
State of New Jersey
State Commission of Investigation
28 West State Street
P.O. Box 045
Trenton, NJ 08625-0045

Re: **Ed Miller Notice of Proposed Report
Dissemination No. 08-08-005**

Dear Dick:

I am sending you by fax and overnight delivery Mr. Miller's sworn statement, with attached exhibits, in response to the above-referenced proposed report. You will see that Mr. Miller faxed me the signature page to his sworn statement. If you want an original signature page, please let me know, and I will be happy to provide you with one.

Please do not hesitate to call me if you have any questions or concerns.

Very truly yours,


Jack Wenik

JW/mb
Encl.

**In re SCI Investigation
Notice of Proposed Report, Dissemination No. 08-08-005**

I, EDWARD MILLER, certify and state as follows:

1. Pursuant to N.J.S.A. § 59:9M-12.2(c), I submit this sworn statement in response to the above referenced proposed report excerpts. The information contained herein is based either on my personal knowledge or my review of documents attached hereto.

2. As to the first paragraph of Release 08-08-005, I have no comments or objections.

3. With regard to the second paragraph of Release 08-08-005, I object to the last sentence which notes that custom specifications are provided by sales representatives who are themselves "active members" of a fire company to which a fire truck is sold. The excerpt does not define the term "active member." I became a "life member" of the Cinaminson Fire Department in approximately 1986-1987. While I cannot speak for all fire departments, in the Cinaminson Fire Department, life members do not have to participate in regular drills, meetings or training, nor need they respond to fire calls in order to maintain their life member status. I was a very inactive life member of the Department from 1997 through 2006.

4. I object to the third paragraph of Release 08-08-005 which states that the Cinaminson Fire Department purchased fire trucks "under questionable circumstances over the years, including as recently as 2004." The paragraph apparently later refers to me as "a member of the department" who provided proprietary specifications for these purchases while I was employed as a sales representative for two fire truck

RECEIVED

2008 AUG 27 AM 11:55

650 COLLEGE ROAD EAST
PRINCETON, NJ 08540

One Rockefeller Plaza
New York, NY 10020
Tel: 212-643-7000
Fax: 212-643-6500

650 College Road East
Princeton, NJ 08540
Tel: 609-227-4600
Fax: 609-227-4646

manufacturers. As detailed herein, the transactions in which I was involved with the Cinaminson Fire Department were not "questionable." I held no position of decision making authority in the Cinaminson Fire Department at the time of any fire truck purchase. Moreover, prior to engaging in transactions with the Cinaminson Fire Department, I obtained an opinion from independent legal counsel as to the propriety of my actions.

5. With respect to the transaction discussed in the fourth paragraph of Release 08-08-005 I offer the following clarifications. It is true that I met with officials of Moorestown Fire District # 1 and provided them assistance with drafting specifications for a fire truck. What the report except fails to mention is that I did this at the express request of these officials. The report also fails to mention that with respect to this transaction neither I nor anyone else at Fire & Safety Services was associated in any capacity with the Moorestown Fire District.

6. The fifth paragraph of Release 08-08-005 states that "dealers" representing fire truck manufacturers employ as sales representatives fire company members who are "in senior positions of influence." To the extent this refers either to myself or Fire & Safety Services it is inaccurate. I have never been in a supervisory or management position with the Cinaminson Fire Department or any other Fire Department while simultaneously conducting a sales transaction on behalf of a fire truck manufacturer. Similarly, while Fire & Safety Services, as well as its competitors, employ as sales representatives individuals who are also line fire fighters, both volunteer and paid, I am unaware of Fire & Safety Services employing individuals in "senior positions of influence" who simultaneously sell a fire truck to the department in question.

7. I object to the sixth paragraph of Release 08-08-005 as misleading to the extent it refers either to myself or Fire & Safety Services. It is true that commissions are earned on the sale of fire trucks. While Fire & Safety Services, and to my knowledge its competitors as well, do not provide itemized invoices for fire trucks to Fire Departments (though in the case of Fire & Safety Services change order pricing is provided upon request), the fact that a commission is earned is not concealed and is well known to purchasing authorities. In the case of Fire & Safety Services, this commission is divided between the dealer and the sales representative such as myself. While this sum can indeed be "thousands of dollars" as a percentage of the price of the fire truck, it is typically around 5% depending on the manufacturer and the truck in question. This compares favorably with other industries, for example the commercial truck industry in which I have substantial personal experience, where commissions can be 15% or more of the purchase price. Moreover, as set forth in the fourth paragraph of Release 08-08-005 describing the Moorestown transaction, the purchase of a fire truck can take many months and numerous meetings between the Fire Department and manufacturer representative during which extensive advice is provided to describe a truck suited to the unique needs of the Department in question. In short, the manufacturer representative provides a valuable service in exchange for his commission. Finally, I am not aware of any provision of the New Jersey public bidding laws which requires the submission of itemized costs.

8. The seventh paragraph of Release 08-08-500 is inaccurate and misleading. It suggests that the Cinaminson Fire Department selected a fire truck from a manufacturer I represented while I was Vice President of the Department. I was never the Vice

President of the Cinaminson Fire Department at the time of a fire truck purchase in which I was a manufacturer's representative, nor did I ever hold any other officer position or other post with authority over fire truck purchases at the time of a fire truck purchase in which I was a manufacturer's representative. To begin, in the case of Cinaminson, it is the Fire District, not the Fire Department, which has the authority to purchase fire apparatus. The Fire District consists of five publicly elected commissioners. Any action of the Fire District requires the vote of at least three commissioners. I was not a commissioner at the time of any of the transactions referenced in Release 08-08-005.

9. In addition to not being a Fire District Commissioner, I was also not an officer of the Cinaminson Fire Department at the time of any of the transactions referenced in Release 08-08-005. Attached hereto as Exhibit 1 is a true and correct copy of the December 1991 Newsletter of the Cinaminson Fire Department. The document sets forth the Department's officers for 1992, the year in which I was the manufacturer's representative for the sale of two Marion fire trucks to the Department. I am listed neither as the Vice President nor any other officer position. Attached hereto as Exhibit 2 are true and correct copies of my December 1998 letter of resignation from the Cinaminson Fire Department apparatus committee as well as the minutes of a November 2, 1998 meeting of the Department for the nomination and election of officers for 1999. As noted in the minutes, I was not nominated for Vice President or any other officer position with the Department. Thus, at the time of the 1999 sale of Marion fire trucks to the Cinaminson Fire Department I was not Vice President or any other officer of the Department. Finally, attached hereto as Exhibit 3 is a true and correct copy of the Cinaminson Fire Department officer list for 2004. As reflected in the document, I was

not Vice President or any officer position at this time either and thus was not the Department's Vice President in 2004 at the time of the purchase of a fire truck through Fire & Safety Services.

10. I object to the eighth paragraph of Release 08-08-005 as inaccurate and misleading. The paragraph notes that I provided "proprietary" specifications for four Marion fire trucks to the Cinaminson Fire Department in the 1990s. The paragraph thus refers to the sale of two Marion pumper trucks in 1992 and two more in 1999. The Cinaminson Fire Department was happy with the Marion trucks it received in 1992 which led the Department to inquire about purchasing additional trucks of this brand in 1999. As to the 1999 transaction, while employed by Campbell Supply Co., I did submit a bid proposal to the Cinaminson Fire Department which is reflected in Exhibit 4 attached hereto, a true and correct copy of my November 30, 1999 proposal. What is omitted from the eighth paragraph of Release 08-08-005 is the fact that there was a competing bid around the same time from Commonwealth Fire Equipment Company ("CFE"). Attached hereto as Exhibit 5 is a true and correct copy of CFE's November 29, 1999 bid proposal. As reflected in these attachments, Campbell Supply Company had submitted a bid that was lower by almost \$75,000.

11. The eighth paragraph of Release 08-08-005 is also misleading in its description of a 2004 transaction between the Cinaminson Fire Department and Fire & Safety Services. The paragraph suggests that I earned a \$38,000 commission on the sale of a Pierce ladder truck priced at \$692,155. As reflected in the true and correct copy of the proposal for this transaction, attached hereto as Exhibit 6, the \$692,155 price is the result of the combination of the sale of the Pierce truck, priced at \$797,155, plus the

trade-in by the Cinaminson Fire Department of a 1991 Grumman Snorkel truck for a \$105,000 credit. My "commission" was thus not \$38,000 of the price of the new Pierce truck but rather a combination of monies earned on the trade-in transaction, approximately \$11,000 of the \$38,000 amount cited, plus the commission on the new truck sale.

12. The eighth paragraph of Release 08-08-005 also fails to mention that there was significant competition for the 2004 Cinaminson Fire Department purchase. Prior to the public bidding, representatives of fire truck manufacturers KME, American LaFrance and E One, all made presentations to the Cinaminson Fire Department. I was not contacted to make a presentation on behalf of Fire & Safety Services. Rather, I had parked overnight with the permission of the department chief a Pierce fire truck on the grounds of the Cinaminson Fire Department to make a presentation to another potential customer. Members of the Cinaminson Fire Department examined the truck and were impressed with it and thereafter reached out to me for more information. Contrary to the allegation in the paragraph, Pierce was not the sole bidder for this purchase. KME also submitted a competing bid which, as reflected in Exhibit 7 attached hereto, a true and correct copy of Fire & Safety Services bid tabulation form, was substantially higher, by approximately \$25,000, than Fire & Safety Services's bid.

13. I object to the ninth paragraph of Release 08-08-005 as misleading and misconstruing my testimony before the SCI. I did not see a conflict in my actions as a fire truck manufacturer sales representative precisely because I was not a "ranking fire company official" during any transaction. As reflected in the attachments hereto, I made conscious efforts to insure that I was not a Cinaminson Fire Department officer or

member of its apparatus committee at the time of any fire truck transaction. It is indeed true that I held no position that required me to vote on a proposed purchase or establish funding for a purchase. In this regard I was following independent legal advice which I obtained in 1986 that expressly stated that it was not a violation of the law to be simultaneously associated with the Cinaminson Fire Department and be a fire truck manufacturer sales representative so long as I did not hold such voting responsibilities. See Exhibit 8 attached hereto, a true and correct copy of a September 15, 1986 letter from independent counsel. Finally, as to the statement in the paragraph that I could not recall whether I had expressly notified anyone in the Cinaminson Fire Department of my "status" as a fire truck sales representative, this is true. However, what is also true, is that many members of the Cinaminson Fire Department are my neighbors, acquaintances and friends. There is little doubt in my mind that they were aware of my positions.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.


EDWARD MILLER

August 26, 2008

C I N N A M I N S O N F I R E D E P A R T M E N T
D E C E M B E R 1 9 9 1 N E W S L E T T E R

December 21, 1998

Chief Ira Schonfeld
Cinnaminson Fire Department
1621 Riverton Road
Cinnaminson, NJ 08077

Dear Chief Schonfeld,

Please accept my resignation from the Cinnaminson Fire Department apparatus committee effective immediately.

If I can be of any other assistance to you or the committee in any way please do not hesitate to contact me.

Sincerely,

Edward G. Miller

C O M M I S S I O N M E E T I N G S

- DECEMBER 10 7:30pm EXECUTIVE SESSION
- DECEMBER 17 8:00pm PUBLIC SESSION

G E N E R A L I N F O R M A T I O N

CONGRATULATIONS TO THE NEWLY ELECTED AND RE-ELECTED OFFICERS FOR 1992.

THEY ARE:

FROM STATION 201:

- PRESIDENT HANK SCHMIDT
- VICE PRESIDENT TIM CASEY
- SECRETARY TO BE APPOINTED
- TREASURER RUSS CORPON
- FINANCIAL SECRETARY BOB COATES
- TRUSTEES BOB BROWN, JOE BOWEN, MARK BISCEGLIE
- SGT AT ARMS JIM WILLIAMS, SCOTT ZIMMERMAN

- CHIEF GLEN DUBA
- DEPUTY CHIEF TIM CASEY
- CAPTAIN SCOTT ZIMMERMAN
- LIEUTENANT MARK BISCEGLIE

FROM STATION 202:

- PRESIDENT ART SPELL
- VICE PRESIDENT JOE BRAY
- TREASURER WALT HUBER
- SECRETARY HAROLD EDELSTEIN
- TRUSTEES JIM DIFIORE, CLIFF RICKARDS, TODD SAUER
- SGT AT ARMS BILL KRAMER JR, ROB MARTENS, IRA SCHONFELD, SCOTT STAVELY
- CHIEF
- DEPUTY CHIEF
- CAPTAIN
- LIEUTENANT



Cinnaminson Fire Company, No. 1, Inc.

STATION 201
1725 CINNAMINSON AVE. • CINNAMINSON, NEW JERSEY 08077 • (609) 829-8060
CINNAMINSON FIRE COMPANY NO. 1
MONTHLY BUSINESS MEETING

NOVEMBER 2, 1998

Meeting called to order at 7:30 PM by President Tim Casey.

Pledge to the flag conducted.

Roll call taken by Mike DeCesare.

Minutes from previous meeting were read by Mike DeCesare.

Department Chief: No report.

Treasurer's report: \$16,575.02 in Fire District account.

Chief's Report: As per attached. T. Casey stated that Joe Young is acting Battalion Chief due to Glenn's Resignation.

Trustees: As per attached. Working on painting contract. Working on getting a used sign for the front.

Fire Police: Everything Good.

Dept. Liaison: Board oked truck proposal. Commission thanked for fire prevention week. Looking at the proposals from both companies for the 99 year.

Banquet: Will be held on February 7, 1998 at Marion Caters.

Budget: Handed in.

By Laws: No Report.

Contract Negotiations: No report.

Department Apparatus: No report.

Downstairs: Receipts \$115.73

Duty Crew: Must fill duty crews.

Easter Flowers: No Report

Evaluation Committee: Report read by Mike DeCesare.

Holiday Committee: No Report.

Membership: Working on it.

Sunshine: Everyone Happy. (Joe Bowen)

5year Building: No Report.

Special Awards: NONE.

Uniform: No report.

Investigation: No Report.

Correspondence: Read. Attached.

Deferred: None.

Good of the Company: E. Tillinghast thanked for use of the hall for Fire Police Meeting. Company thanked Keith for TV installation. Nominations Open for

Admin. Side:

President	Tim Casey
Vice President	Ken Brahl
Secretary	Mike DeCesare
Asst. Secretary	Karen Higgins
Treasure	Chris Ricciuti
Sarg. at Arms	Bob Eigenbrood
Trusties	Ed Tillinghast
Member at Large	Keith Zimecki
	Chris Ricciuti
	Ed Tillinghast

LINE SIDE:

Battalion Chief	Joe Young
Captain	NONE
Lieutenant	NONE
FP Lieutenant	NONE

New Business: E. Tillinghast makes a motion for \$175 for NJ STATE FP Meeting. Coates 2nd PASSED. Motion made to accept district letter for the repair of the board. PASSED. Joe Young and Paul McDonough were added to the apparatus committee. Sign up sheet up for Physicals on 11/14/98.

NEXT MEETING ^{pec 7} ~~6~~ **5, 1998 AT 7:30PM.**

Submitted respectfully



Michael J. DeCesare
Secretary



Officers for 2004:

Line Side:

Chief: Robert Yearly
Deputy Ira Kilner
Battalion Chief: John Heckler and Paul McDonough

Captain: Bob Lenox Jr. and Kevin Adams

Lieutenant: Kyle Bonser

Fire Police Capt.: Ken Shearer

Fire Police Lt.: Joe Long, Bob Barry

Admin. Side:

President: Chris Ricciuti

Vice President: Glenn Duba

Secretary: Kristin Toussaint *Henry Smith*

Treasurer: Larry Gerlock

Members at Large: Ed Tillinghast, Jim DiFiore, Bob Barry

Board of Directors: Bob Lenox Jr. ^(Chair) Bob Steel, and John Stokes, DiFiore, Stavelly
SICONOFF

Sgt. At Arms: Ed Tillinghast, Bob Eigenbrood



November 30, 1999

Mr. Bruce Adams, Fire District Administrator
Cinnaminson Fire District #1
1621 Riverton Road
Cinnaminson, NJ 08077

Dear Mr. Adams,

Campbell Supply Company on behalf of Marion Rescue and Fire Apparatus is pleased to make this proposal to provide two (2) 1500 GPM Marion Custom Pumps.

Please take note of the following bid proposal pricing.

Our bid price of \$559,914.00 for two (2) custom pumps includes a \$30,000.00 discount if you agree to a down payment of \$143,000.00 from the Fire District and \$416,914.00 from a third party financial source paid to Marion at contract signing. This of course is the payment terms that were called out in the bid specifications.

If you should desire to pay on Marion's standard payment terms without putting any money down upon contract signing then the payment terms are as follows:

Bid proposal price for Two (2) Marion 1500 GPM Custom Pumps is \$589,914.00. A payment of \$241,000.00 would be made to Marion Rescue and Fire Apparatus upon chassis completion approximately on July 1, 2000 and the balance of the contract amount \$348,914.00 would be made upon completion and acceptance of the units at Marion, WI.

In order to meet your delivery date of December 31, 2000 a signed contract must be at Marion by January 1, 2000. If you should fail to meet this date then delivery will be 360 days after contract acceptance by both parties. Pricing shall remain in effect for 60 days from bid proposal.

Cinnaminson Fire District #1
Bid Proposal
November 30, 1999
Page 2

Marion has been in business for well over 90 years and has earned a reputation for excellent quality and workmanship throughout the industry. We are proud to list the local communities of Palmyra, Pennsauken, Maple Shade, Mt. Laurel, Evesham, Delran and of course Cinnaminson to name just a few of recent customers who purchased Marion Rescue and Fire Apparatus.

In addition, Campbell Supply Company offers continued service by factory trained personnel either at your station or in our well equipped shops in Edison, New Jersey.

We would like to thank you for the opportunity to make this proposal. We look forward to the possibility of building two "Marions" for the Cinnaminson Fire District. If you should have any questions please do not hesitate to contact us.

Truly yours,
Campbell Supply Company, Inc.

Edward G. Miller
Edward G. Miller
District Manager

enclosures

Exhibit 4



CINNAMINSON, NJ FIRE DISTRICT

PROPOSAL COVER SHEET

(MUST BE FIRST PAGE OF BID)

November 29, 1999

Cinnaminson Fire District #1
Business Office
Cinnaminson Twp. Municipal Bldg.
1621 Riverton Road
Cinnaminson, NJ 08077

Attn: Clerk, Cinnaminson Fire District
Ref. Pumper Bid - 11/30/99 - 4 pm

IN ACCORDANCE WITH THE INSTRUCTIONS TO BIDDERS AND SPECIFICATIONS THE UNDERSIGNED HEREBY AGREES TO FURNISH AND DELIVER TO THE CINNAMINSON FIRE DISTRICT TWO (2) 1500 GPM CUSTOM PUMPERS.

THE BIDDER DECLARES THAT HE IS FAMILIAR WITH THE EQUIPMENT AND ACCESSORIES OR SERVICES CALLED FOR IN THE SPECIFICATIONS AND CAN SUPPLY AND DEMONSTRATE THE SAME.

Gentlemen,

Enclosed please find our proposal response for your two Custom Pumpers.

As a smaller manufacturer, I believe you will find our units are more custom designed to fit your specific requirements than those of a larger manufacturer.

As you review our detailed proposal, please do not hesitate to contact me directly to provide answers to any questions that you may have.

Our limitation on the trade-ins are such that we do not take them ourselves, but we work with a broker who has authorized us to offer \$69,250.00 for the '88 Duplex and \$28,575.00 for the '79 Mack Telesqurt but all pricing is dependent on the exact time of delivery and the final list of equipment staying with each vehicle. All actual transactions will be with our broker.

Thanks for allowing us to provide this package and we look forward to hearing from you soon.

Sincerely,

Robert E. Purse
President

Exhibit 5

IT IS UNDERSTOOD THAT THE TOTAL PRICE STATED BY THE UNDERSIGNED WILL CONTROL THE AWARDING OF THE BID.

TOTAL PRICE FOR TWO (2) 1500 GPM CUSTOM PUMPERS PER ENCLOSED SPECIFICATIONS:

(NUMBERS) \$ 633,798.00 (CFE)
(WORDS) Six hundred thirty three thousand, Seven hundred Ninety eight dollars
(WILL CONTROL PRICE IF DIFFERENT FROM NUMBERS)

DELIVERY OF COMPLETED UNITS 330 DAYS AFTER AWARD OF CONTRACT



CINNAMINSON, NJ FIRE DEPARTMENT
PIERCE CUSTOM 95' MID-MOUNT PLATFORM

ALTERNATE PROPOSAL FOR FURNISHING FIRE APPARATUS
TRADE-IN TO LEAVE UPON CONTRACT SIGNING
PENDING SALE AGREEMENT WITH HERMITAGE, PA

November 1, 2004

Dear Sir,

The undersigned is prepared to manufacture for you, upon an order being placed by you, for final acceptance by Pierce Manufacturing, Inc., at it's home office in Appleton, Wisconsin, the apparatus and equipment herein named in the "Pierce Proposal Specifications (Contractor's Specifications) dated November 1, 2004 for the following prices:

ONE (1) PIERCE DASH CUSTOM 95' MID-MOUNT PLATFORM
(OUTRIGHT PURCHASE) \$797,155.00
LESS TRADE-IN OF 1991 GRUMMAN 85' SNORKEL
(\$105,000.00)**

TOTAL \$692,155.00 *

*This price is contingent upon FULL PAYMENT of \$722,155.00 being made by either Cinnaminson Fire Department or it's designated Leasing Company to Pierce Manufacturing at Contract Signing. If payment is made at final inspection and acceptance at Pierce Manufacturing upon completion of the apparatus then \$33,660.00 must be added to either the outright purchase price or the outright purchase less the trade-in. A lease payment schedule is included.

**This Trade-In price is contingent upon the 1991 Grumman Snorkel passing a certified pump test and certified aerial testing and assuming all deficiencies are corrected before the new aerial platform is delivered. The Grumman Snorkel must be in the same condition as presented to Pierce earlier for trade-in pricing and must include all equipment as specified. Failure to meet the terms and conditions of the trade-in will result in the forfeiture of the trade-in allowance. The 1991 Grumman MUST be traded-in when the contractS for the new Pierce platform are signed and accepted by both parties. If the 1991 Grumman is not traded at contract signing then the First Proposal is in effect. This proposal is specific to the pending sale of the Grumman to the Hermitage, PA Fire Department through Pierce's used truck network. A final decision should be made by Hermitage by November 10, 2004.



DELIVERY: APPROXIMATELY 270 CALENDAR DAYS AFTER ACCEPTANCE OF CONTRACT BY BOTH PARTIES. DELAYS DUE TO STRIKES, WAR OR INTERNATIONAL CONFLICTS, FAILURES TO OBTAIN CHASSIS, MATERIALS OR OTHER CAUSE BEYOND OUR CONTROL MAY AFFECT THE FINAL DELIVERY DATE.

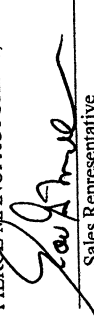
All documents are enclosed and NO EXCEPTIONS to the technical specifications are taken.

The specifications herein contained shall form a part of the final contract, and are subject to changes desired by the purchaser, provided such alterations are interlined prior to acceptance by the company of the order to purchase, and provided such alterations do not materially affect the cost of the construction of the apparatus.

The proposal for fire apparatus conforms with all Federal Department of Transportation (DOT) rules and regulations in effect at the time of the bid, and with all National Fire Protection Association (NFPA) Guidelines for Automotive Fire Apparatus as published at the time of bid, except as modified by customer specifications. Any increased costs incurred by first party because of future changes in or addition to said DOT or NFPA standards will be passed along to the customers as an addition to the price set forth.

Thank you for allowing Pierce Manufacturing the opportunity to bid. We trust this proposal meets your approval.

PIERCE MANUFACTURING, INC


Sales Representative

Kessler, Tutek and Gladfelter ²

Attorneys at Law

325 FARNSWORTH AVENUE
POST OFFICE BOX III
BORDENTOWN, NEW JERSEY 08505-0111
(609) 298-2000

HENRY B. KESSLER
HENRY G. TUTEK
DAVID D. GLADFELTER

REPLY BELOW IF CHECKED
QUAKERBRIDGE RD. & SLOAN AVE.
POST OFFICE BOX 3E18
TRENTON, N.J. 08619-3216
(609) 890-6060

September 15, 1986

JAY B. TOMLINSON
1893-1987

Cinnaminson Fire District

No. 1
1612 Riverton Road
Cinnaminson, NJ 08077

Re: Opinion as to purchases
from an Employee

Gentlemen:

Under the Local Public Contracts Law, the purchase of equipment of a value above \$1,000.00 up to \$7,500.00 (presently) requires the obtaining of quotes as opposed to public bids, and purchases below \$1,000.00 may be made without the benefit of even quotations from suppliers.

The purchase of supplies or services from an employee, or other person connected with the Fire District is not automatically prohibited as long as the person authorized to make the purchase or required to vote upon it does not own or have an interest in the company from which the purchase is being made.

One safeguard in the case of an employee's company making a sale to the Fire District or to one of the Fire Companies is the ability of the person authorized to sign the voucher to determine if the price being charged is reasonable by checking with other suppliers of the same item. This would be a further safeguard against any criticism by the public that the purchases being made from an employee result in any conflict of interest. The Fire District should not be deprived from a better price on an item because the seller is an employee of the District or a company connected with an employee of the District.

Services may be performed or material supplied by an official of a public entity such as the Board of Fire Commissioners,

Exhibit 8

Bid Tabulation Form

Exhibit 7

Dealer Name	Fire & Safety			Bid Tab Number	
Sales Rep. Name	Ed Miller				
Customer Name	Cinnaminson Fire District #1		No. of Units	1	
City	Cinnaminson	State	NJ	County	Burlington
Bid Date	November 1, 2004		Spec Favored which Manf.	Pierce	
Status of award	Pending-Should Award November 16, 2004				

Body Type	Pumper	Tanker	Aerial	HDR	Responder	Suburban	HDRP	Sizzler	10-33	Other
<small>place an "X" under the correct body type</small>			X							

Aerial Type	PAP	PAL	SNKL	TSQT	Other
<small>place an "X" under the correct body type</small>	X				
Size	95'				

Manufacturer	List Price	Chassis Type	Body Type	Body Mat'l	Aerial Type	Del/ Month
PIERCE	\$830,815	Dash 67" w/10"RR	See Above	Alum	See Above	10 months
KME	\$733,373	Predator 54" w/6"RR	Aerial	Alum	95' Mid Platform	10 months

COMMENTS: If you take prepay discounts, (Full payment at inception) Pierce would be \$33,660 less, KME \$11,182 less. KME admitted to 6 pages of exceptions with numerous more not noted. Fire District will lease this unit. Oshkosh on a 7 year semi-annual payment schedule starting April 2006 is \$7,000 less per year or \$49,000 over the life of the lease. KME lease start date was at delivery. There was also a trade involved a 1991 Grumman Snorkel which Fire Trucks Plus gave Cinnaminson \$75K. KME allowed on 5K.

Kessler, Tutek, Futey & Gladfelter

Cinnaminson Fire District
No. 1
September 15, 1986
Page Two.

or by a company in which such person has an ownership or financial interest provided that such person does not vote on the award of the Contract or is not required to sign the voucher authorizing the purchase.

The greatest concerns of the law is that there neither be an actual conflict of interest or the appearance to the public that there is a conflict of interest in these matters.

Very truly yours,



Henry G. Tutek

HGT:rmk



State of New Jersey
Commission of Investigation
609-292-6767
www.state.nj.us/sci