



# CHERRY HILL FIRE DEPARTMENT

Camden County, New Jersey

## Office of the Fire Chief

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Mayor Bernard Platt  
820 Mercer Street  
Cherry Hill, NJ 08002

September 17, 2008

Dear Mayor Platt,

The New Jersey State Commission of Investigation recently released a report titled Alarming Contracts that spoke to many issues regarding fire truck purchases by governmental agencies in New Jersey. On December 5, 2006 Cherry Hill taxpayers authorized the Cherry Hill Fire Department to commence specification and purchase of 2.6 million dollars of fire apparatus to support the department's long-range fleet replacement plan.

The question before our taxpayers is "*How does the Cherry Hill Fire Department compare against the practices outlined in the State Commission of Investigation Report?*"

In an effort to ensure our taxpayers understand the actions we take on their behalf, we provide the following comparative information.

Respectfully submitted,

Robert Giorgio  
Chief of Department

Cc Board of Fire Commissioners  
Cherry Hill Township Council

<b>CHERRY HILL FIRE DEPARTMENT CAPITAL FLEET PURCHASING</b>	
<b><i>SCI Finding</i></b>	<b><i>CHFD Practice</i></b>
Improper Use of Proprietary Specifications	<p>CHFD prepares their own specification that consists of 161 vehicle component sections over 31 pages (S-specification section) and another 36 pages that provide the competitive bidding language (B-bid requirement section) In accordance with the Local Public Contracts Law including language developed by our solicitor to protect the Fire District.</p> <p>We developed our specification over the past 22 years and use this document to avoid the manufacturer's tendency to build apparatus that conforms to their assembly/engineering practice. Vehicle specifications need to provide for practical competition between manufacturers and balance the need for apparatus that will meet both service life and demand. Our attitude is that we are the customer; our charge is to get the best product for the least cost that will not fail when called to service. We find that all vendors take exception to some component language-this confirms for us that the specifications are not favored to any one vendor.</p>
Improper Use of Proprietary Specifications	<p>The CHFD procurement process consists of four independent components.</p> <p>#1- In 2005 the CHFD Logistics Manager became a registered Public Purchasing Official through Rutgers University and is recognized as a Qualified Purchasing Agent (QPA) by the NJ Department of Community Affairs. The CHFD QPA prepares the Bid Requirements &amp; Specifications and in conjunction with the Board solicitor oversees the bid announcement, bid acceptance, bid review and bid award.</p> <p>#2- The specification for fire apparatus is developed by an Overhead Work Group that meets to review pros and cons of the existing fleet, benefit of new market developments (Is it a toy or a tool?) and helps to shape the replacement apparatus. The Motor Maintenance Captain (30 years experience) and a firefighter with technical expertise (25 years experience) spend months researching internal vehicle components (drive trains, pumps, generators, etc) and begin the process of drafting the apparatus construction and performance language. Key factors included durability, longevity, operation and minimum maintenance. The final draft is reviewed by the Fire Chief and his staff to ensure that they comply with the Fire District deployment and operational strategy.</p>

<p>Improper Use of Proprietary Specifications</p>	<p>The CHFD procurement process consists of four independent components cont.</p> <p>#3- The competitive bidding requirement and the specification documents come together for review by the Fire District Solicitor Richard Braslow. Mr. Braslow is an expert in public contract law and evaluates the documents for compliance with state and federal law.</p> <p>#4- The Cherry Hill Board of Fire Commissioners reviews the entire package and evaluates the request in comparison to the Long Range Financial Plan, Fleet Replacement Plan and budget projections.</p>
<p>Improper use of Proprietary Specifications</p>	<p>Read below an example of competitive procurement in action:</p> <p>In February the Board of Fire Commissioners presented for competitive bidding a package for three pumpers. Four bid packages were distributed to vendors and on the closing date of the bid only one bid was received. The BOFC re-bid the project on March 19, 2007 and distributed bid packages to five potential bidders. On April 12, 2007 the bid opening was held at Fire Administration with two bids submitted. The difference between the original single bid and the re-bid saved the Board of Fire Commissioners/Cherry Hill Residents \$299,260.00 It has been the practice of this Fire Department that multiple bids are necessary for competitive pricing. Vendors are aware that we require competition; the outcome of our most recent project supports this position.</p>

<b>CHERRY HILL FIRE DEPARTMENT CAPITAL FLEET PURCHASING</b>	
<b><i>SCI Finding</i></b>	<b><i>CHFD Practice</i></b>
Conflicts of Interest	<p>The CHFD does not employ anyone who works for the apparatus manufacturers, sales agent or any other entity associated with the manufactures we purchase vehicles from.</p> <p>In addition no one involved with the four steps in the procurement process works for the apparatus manufactures, sales agent or any other entity associated with the manufacturers we purchase vehicles from.</p> <p>The CHFD utilizes a Policy Directive titled CHFD Ethics adopted on July 1, 2002 that outlines such relationships an how to avoid conflicting situations.</p>

<b>CHERRY HILL FIRE DEPARTMENT CAPITAL FLEET PURCHASING</b>	
<b><i>SCI Finding</i></b>	<b><i>CHFD Practice</i></b>
<p>Lack of Transparency</p>	<p>The CHFD does not allow vendors to treat employees to factory visits where airfare, lodging and food expenses are covered by the vendor. These offers are prevalent during the specification and pre-bid period.</p> <p>Once the bidding is complete the CHFD will send at our expense the two principal specification writers to attend a pre-construction meeting with factory engineers, body fabricators and other technical factory staff. The second factory visit is the final inspection trip, just prior to the apparatus leaving for the local vendor. The final inspection trip is also paid for by the fire department.</p> <p>The last fire apparatus manufacturer we purchased from was located in Appleton, Wisconsin a beautiful community but certainly not an island resort.</p> <p>CHFD employees pay for their meals and are reimbursed while on authorized trips, within limitations (the CHFD policy since inception never reimburses alcohol beverages). The CHFD follows a common accepted standard <u>“reimbursement for meals and lodging that is moderate and neither elaborate nor excessive”</u>.</p> <p>We also acknowledge that the sales vendor provides boxed lunches during factory meetings. In addition the vendor has contracts with three local restaurants where CHFD staff will eat dinner along with factory representatives. The acceptance of meals in this context is permissible in that the two CHFD representatives are not involved in contract award, are attending as part of their job duties to ensure contract compliance and the factory trip is not considered a sponsored or hosted “event”.</p>

<b>CHERRY HILL FIRE DEPARTMENT CAPITAL FLEET PURCHASING</b>	
<b><i>Other measures</i></b>	<b><i>CHFD Practice</i></b>
	BOFC adopted the Policy Directive 1031 Pay to Play on June 1, 2007
	In 2005 the Board of Fire Commissioners in conjunction with Public Financial Management Inc. started the process to combine a long range capital expenditure plan along with a multi-year budget model to evaluate the impact of such expenditures on the community tax rate. The Board of Fire Commissioners actions allow us to balance the impact of these costs over time. Recently the NJ State Legislature recommended long-range budget practices for all municipalities, school and fire districts.
	The CHFD supports the intervention of the NJ State Department of Community Affairs to develop regulatory policy for the design specification of fire apparatus and also suggests they review how public assets are titled upon delivery as this is another area of concern.
	The State of New Jersey has existing regulation and practical guidance regarding the actions noted in the SCI report-Alarming Contracts. The current Local Public Contracts law and model Ethics standards provide the guidance needed to avoid situations that bring both the Fire Department and its officials actions into question. Simply stated when spending public funds view the transaction as another opportunity to earn the publics respect and trust as the agency will forever need the public support to carryout their assigned mission.



September 17, 2008

## Firetruck pacts faulted

By *LISA G. RYAN*  
*Gannett State Bureau*

The State Commission of Investigation released a report Tuesday that suggests local fire departments' decisions on what firetrucks to buy are ruled more by the interests of private businesses than taxpayers.

The commission examined 80 recent firetruck purchases in the state and uncovered procurement and ethical problems in the majority of them.

Examples of questionable firetruck purchases cited in the report include Cinnaminson and Moorestown.

State law mandates that government entities such as fire departments award contracts to the lowest responsible bidder. But the commission found that nearly 75 percent of the firetruck purchase proposals it reviewed included proprietary, or exclusive, designs written by a truck manufacturer with the express purpose of preventing other manufacturers from successfully bidding on the contract.

The commission's report details examples of firetruck sales personnel getting fire departments where they work or volunteer to buy their company's trucks, then pocketing sizable commissions.

The commission also subpoenaed manufacturers' sales records and found numerous instances where fire departments were billed for promotional and advertising materials, sales commissions and even charitable contributions.

"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 commission stated in its report.

It's a serious problem because firetrucks are among the most expensive items purchased with taxpayer money, ranging in price from \$200,000 to \$1 million or more apiece, the commission stated. More than \$1 billion worth of fire apparatus is being used by the state's more than 700 local fire departments and districts.

In Cinnaminson, state investigators found Ed Miller, a vice president for the local volunteer fire company, doubled as a firetruck salesman and routinely provided his company's proprietary design specifications to his volunteer fire company whenever it needed a new apparatus.

Most calls made to fire departments listed in the report weren't returned Tuesday.

In a sworn statement sent to the commission in August, Miller asserted there wasn't a conflict in his dual role as a truck salesman and fire official because he didn't hold a position that required him to vote on the purchases.

"There's no doubt about this -- we always try to put the taxpayer first," said Chris Chesner, administrator for Moorestown Fire District 1, which was named in the report as relying on Pierce

Manufacturing to draw up purchase proposals for two contracts worth \$1.3 million this decade.

"None of us in our office are technical spec writers. It's very difficult to write a technical spec for a vehicle," Chesner said. "So what we do is we find a truck that we like and we get assistance from the company in writing the spec. But I'm told the specs were not designed in such a way that another manufacturer couldn't put in a bid for the project."

"It would be nice to have some assistance to help us with generic or nonproprietary truck design," he said.

In its report, the commission recommended the state Department of Community Affairs oversee all firetruck purchases and help fire departments craft design specifications, among other suggestions.

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## N.J. panel: Fire truck sales need monitoring

By Allison Steele Inquirer Staff Writer

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The New Jersey Commission of Investigation has called for an overhaul of how the state's fire departments purchase fire trucks, saying the process is rife with conflicts of interest and wastes tax dollars.

**Fire-truck sales** are often manipulated by vehicle manufacturers so that communities cannot tell what they are getting or how much they should spend, according to a report released yesterday by the commission.

The commission investigated 80 purchases of trucks across the state during recent years, including some in Moorestown and Cinnaminson.

In some communities, the report found, fire officials steered truck **sales** to companies that they worked for, allowing them to make commissions on the **sales**.

"The backdrop for all of this is a complete dearth of meaningful and effective government technical assistance and **oversight**," the report stated.

The report recommends that the state, through the Department of Community Affairs, oversee purchases of trucks through New Jersey's Cooperative Purchasing Program, which provides guidelines for municipalities buying equipment.

The regulations would aid departments without the expertise needed to compare the cost and design of various trucks, said Lee Seglem, assistant director of the commission.

"A large part of this problem is that these communities lack the expertise to put together an accurate representation of their **needs**," Seglem said.

Phone and e-mail messages left for officers of the New Jersey State Fire Chief's Association were not returned yesterday.

New Jersey's 700 departments use more than \$1 billion worth of fire equipment. The commission, an independent watchdog agency that investigates abuses of public trust, looked into the purchase of trucks after receiving complaints from a few municipalities, Seglem said.

In almost 75 percent of the 80 cases it reviewed, the report said, the manufacturers' purchase proposals were designed in ways that made comparisons to other companies' vehicles impossible and discouraged other companies from bidding for the contracts.

The process virtually guaranteed that the manufacturers would be awarded the contracts, the report found, regardless of whether another company could have filled the town's **needs** for less money.

That is what happened in Moorestown in 2001, according to the report. A truck salesman provided the district's Board of Fire Commissioners with design specifications that favored his company, according to investigators. Though a half-dozen **sales** representatives looked at the town's request for proposals, only the company that drew up the plans submitted a bid. The company sold two trucks to the town for a combined \$1.3 million.

**Fire-truck** manufacturers also frequently failed to provide municipalities with itemized invoices, the report found. Their lump-sum bills often included unapproved add-ons such as **sales** commissions, factory-inspection trips, or advertising materials such as hats and T-shirts bearing the manufacturer's logo.

In one case, a company claimed to make a donation to a charity golf tournament in a fire department's name. In reality, a salesman and three of his friends billed the city \$3,500 to cover their tournament entry fees, the report said.

In other municipalities, the report found that fire officials manipulated the truck **sales**, arranging for manufacturers they worked for to provide trucks to their departments.

In Cinnaminson, the volunteer fire department's chosen truck manufacturer shifted over the years to mirror the manufacturer that Ed Miller, a member of the fire company, worked for. For one of those **sales** contracts, the report said, Miller earned a commission of more than \$10,000.

Miller told the commission that he saw no conflict of interest in his dual roles because he was never in a position to vote on department purchases.

Miller was vice president of the fire company until 1998, but said he did not hold a significant position in the department in the years after that, when he acted as a **sales** representative.

Miller told the commission that in the years he arranged truck **sales**, he could not remember whether he ever told fire company officials or the borough administration that he was a **sales** representative. He said fellow firefighters knew he held both positions.

The state ethics statute is not clear on whether firefighters, either in paid or volunteer companies, must recuse themselves from participating in the process of buying equipment, according to the report.

The law also does not address whether firefighters who seek to sell equipment to their own fire companies must file financial-disclosure forms and register with the state. The commission recommended that the law be amended to address those ambiguities.

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