

***State of New Jersey  
Commission of Investigation***



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**SCI Report:  
Bidding Irregularities, Conflicts  
and Lax Transparency  
in Fire Truck Deals**

TRENTON – The State Commission of Investigation today called for a major overhaul of certain local government procurement and ethics practices, finding significant weaknesses and irregularities in the system commonly used to purchase millions of dollars worth of fire trucks in communities across New Jersey.

With more than \$1 billion worth of fire apparatus currently on the streets of this state, “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 sales personnel. Proprietary specifications dictate unique components and methods to be used in production,” the SCI stated in its report.

“The practical effect is to virtually guarantee that only one manufacturer can fulfill the express terms of the contract.”

“In many instances, the competitive procurement process required by law has been reduced to a sham in which the public’s business is ruled by private interests.”

The Commission also found that the process in some cases was tainted by conflicts of interest in which fire officials – doubling as truck sales personnel – sold trucks to their own volunteer fire companies using design specifications provided by the manufacturers they represented. These individuals benefited financially from such transactions by collecting substantial commissions on the sales.

Besides being highly vulnerable to manipulation, fire truck sales typically are orchestrated so that local governing bodies and taxpayers are not able to see what they are paying for and whether it is reasonable. As a consequence of this lax public transparency, it is unclear whether a community got what it ordered, whether it paid too much or the extent to which it paid for things other than the truck itself. In one instance, the vehicle price included a hidden tab worth several thousand dollars for a fire truck sales agent and three of his friends to play golf at a charity outing at taxpayer expense.

“The back-drop for all of this,” the Commission found, “is a complete dearth of meaningful and effective government technical assistance and oversight. The State maintains a hand-off posture, leaving local officials to fend for themselves in difficult and technical complex procurements.”

To remedy these systemic problems, the SCI recommends statutory and regulatory reforms in the following key areas:

### ***Procurement Process***

- The State, through the Department of Community Affairs (DCA), should assume direct involvement in and oversight of all fire truck procurements.
- DCA should develop generic, non-proprietary truck design specifications for use by local authorities as a basis for crafting fair and balanced procurement documents.
- Steps should be taken to ensure that fire trucks are included in New Jersey's existing Cooperative Purchasing Program, which allows municipalities and their procurement units to buy equipment, supplies and services under the terms of a central State contract.

### ***Public Transparency and Disclosure***

- All vendors that submit proposals for contracts with local government units for the sale of large, specialized machinery should be required to provide a comprehensive price list covering all component parts to be used in production.
- At the completion of production and prior to payment, vendors should again provide an itemized list delineating each component provided and its cost.
- The final invoice should include all ancillary costs incorporated into the final bill, including but not limited to the cost of factory inspection trips by municipal personnel, promotional items, sales commissions, charitable contributions and any other items charged to the taxpayers.

### ***Local Ethics Requirements***

- The Local Government Ethics Law (N.J.S.A. 40A:9-22.1 et seq.) should be amended to eliminate any ambiguity about whether paid and/or volunteer fire personnel are included among municipal personnel covered by ethics provisions.

- To address any potential conflicts of interest, such as situations in which a fire official or employee seeks to sell fire equipment to his own fire company, the law should be amended to specify fire company personnel as among those municipal officials and employees required to file annual financial disclosure forms.
- 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 with DCA.
- Such individuals should recuse themselves from participation in all aspects involving the evaluation and selection of fire equipment vendors. Further, all sales representatives for fire equipment manufacturers doing business with local government units should be required to 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.

“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,” the Commission concluded. “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 process.”

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*The New Jersey State Commission of Investigation is an independent government watchdog agency established in 1968 to investigate organized crime and corruption, waste of tax money and other abuses of the public trust. Copies of reports are available at the Commission’s offices or via its Web site at [www.state.nj.us/sci](http://www.state.nj.us/sci).*