

Record 3/19/08

Deal-maker cashes in

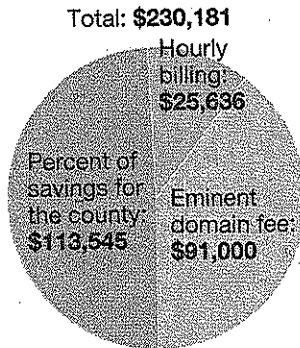


BETH BALBIERZ/STAFF PHOTOGRAPHER

State Real Estate Commission Chairman Robert Pimienta of Franklin Lakes, right, also handles real estate transactions for Bergen County.

Cash flow

Robert Pimienta has been paid three different ways by Bergen County since 2003. He earns an hourly fee – as much as \$15,000 a year – plus whenever he saves the county money, he gets 10 percent of the savings – by his calculation. Since 2007, he has received an eminent domain fee of 1 percent of the value of any property the county acquires through condemnation.



Note: Figures exclude a 5 percent commission Pimienta charges to private landlords leasing to the county.

Source: Bergen County

Some county payouts

\$91,000

After county officials condemned a warehouse for use as a juvenile detention facility (200 North St. Teterboro), officials gave him a new contract allowing him to collect a 1 percent condemnation fee.

\$89,000

Recommended moving Department of Community Development from a private building (25 E. Salem St. in Hackensack) to the county building.

\$19,865

Renegotiated lease for Probation Department at 101-103 Hudson St., Hackensack

R.L. REBACH/STAFF ARTIST

County retains PAC chief for generous no-bid work

By **OSHRAT CARMIEL**

STAFF WRITER

A Hackensack developer whose political action committee has donated tens of thousands of dollars to Bergen County Democrats has a no-bid contract that's paid him more than \$230,000 in county taxpayer dollars for real estate deals since 2003.

Robert Pimienta, a registered Republican from Franklin Lakes, gets a cut every time the Democratic-controlled county government signs a lease or buys property. He's paid an hourly fee when his company does research, up to \$10,000 this year. And if he saves the county money, he gets 10 percent of what he calculates as the savings.

Since 2007, he also has collected 1 percent of the sale price of any prop-

erty the county acquires through condemnation.

A week after county freeholders added that provision to his contract, Pimienta received \$91,000 in connection with a Teterboro site the county condemned via eminent domain for a new juvenile detention center.

Experts say such a compensation package is more generous than the industry standard, but Pimienta said he's been a boon to taxpayers, saving them hundreds of thousands of dollars.

"They don't have the manpower to do this," he said of county officials. "They don't have the specialty. They don't have the expertise to make certain determinations and assumptions. I'm proud of what I did."

He added: "You should be saying: 'Hey Bob, thanks a lot.'"

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Deal-maker: Does the county need a real-estate consultant?

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But others wondered whether the expense was necessary.

"I wasn't quite certain why we needed to hire [a real estate adviser] in general terms, without having a special project," recalled former Republican Freeholder Elizabeth Randall, who voted against retaining Pimienta in 2003.

"I don't remember having a clear understanding of the individual projects that this individual would be working on. This, to me, was a very vague assignment."

Randall, who was once Bergen's legal counsel, said that the county's real estate transactions were easily handled by staff lawyers before Pimienta was retained. Bergen County owns 24 buildings and leases space in four others, according to county records.

Pimienta, who is chairman of the state Real Estate Commission, also has sought brokerage fees from private landlords who have been renting to the county long before he was retained. And he has sought to collect commissions from property owners who sell to the county — going so far as to take one Hackensack real estate agency to court for his cut, with Bergen County officials testifying on his behalf.

Brian Hague, a county spokesman, said Bergen's government is simply doing what many private businesses do: hiring an outside expert to comb through contracts for superfluous charges and overruns and to possibly negotiate a better deal.

"You're hiring a professional who knows the business, who you trust, who you know will work on the county's behalf," Hague said.

And having an expert on standby makes sense, Hague said, because officials only have to pay when he's asked to do something.

"Why does the county need an ongoing bomb squad?" Hague asked. "You don't use them every day, but when you need them, it's nice to know that they're there immediately."

Denies any link

Pimienta, 48, said in an interview last week that there is no connection between his county contract and the \$90,000 he and his PAC have bestowed on Democratic candidates and groups in Bergen County since 1999.

And he said his company — Impact Realty — and his PAC — Impact PAC — are not connected either, even though they

Spotlight

Robert Pimienta

Age: 48

Residence: Franklin Lakes

Occupation: Real estate broker, developer and investor

Political involvement: Chairman of Impact PAC

Party affiliation: Republican

Government work: Chairman of the New Jersey Real Estate Commission, the state agency that issues licenses to real estate brokers and salespeople, and regulates out-of-state sales through New Jersey brokers; trustee for U.S. Bankruptcy Court

share a name, a Polify Road office and at least one senior employee.

Though he is state chairman of the PAC, he stressed that campaign contributions and policy decisions by the group are decided by a committee of four in which he has just one vote.

"There's no legal relationship between the PAC and Impact Realty," Pimienta said, adding that although the PAC may donate to the county Democrats, the real estate company, which holds the county contract, doesn't.

Jeffrey Peckham, senior vice president of Impact Realty, also is the PAC's treasurer. Pimienta said the arrangement simply is meant to "reduce the overhead and expenses to the PAC."

Impact PAC is financed by contributions from a full spectrum of New Jersey developers, architects, engineers and others who do business with state and local governments — including several firms who do business with Bergen County and also give to the Bergen County Democratic Organization. Governor Corzine has been a contributor, giving \$7,200 to the PAC in 2002, when he was a U.S. senator.

The PAC endows both major political parties, but as Democrats have come to power in Trenton and Bergen, the group has channeled more money to them. Since 1999, when it was founded, Impact PAC has donated about \$75,000 to Bergen Democratic candidates and causes. Pimienta personally donated an additional \$15,000 to the Bergen County Democratic Organization in 2000 and 2001, according to state records, but he says a

clerical error mistakenly attributed the donations to him instead of the PAC.

The county hired his company in 2003, shortly after Democrats took control of the County Executive's Office and regained control of the Freeholder Board.

"We've been able to receive contributions from individuals of all partisan backgrounds," said Bill Maer, a spokesman for the Bergen County Democratic Organization. "Bergen County Democrats are inclusive."

Pimienta said he was offended at any suggestion that his PAC's contributions are related to his contract. Still, Impact PAC has been one of the most vociferous challengers to a state pay-to-play law that seeks to limit government contracts to political donors.

Within a month of the law's passage in 2005, Impact PAC sued in federal court, asserting that the restrictions violated the group's right to political expression.

Impact's lawyer was Dennis Oury, the attorney to the Bergen County Democratic Organization — and holder of multiple public contracts — who contemplated filing a similar pay-to-play challenge last year on behalf of the party.

Oury did not return a call Friday for comment.

Through a spokesman, Bergen Democratic Chairman Joseph Ferriero praised Pimienta.

"He's somebody that goes to events," Maer said on Ferriero's behalf. "He's a nice individual. He's involved governmentally, politically and people have relationships with him."

Pimienta distanced himself from the pay-to-play suit in the interview last week, saying that he was not a named plaintiff and that it was the PAC's three other committee members who voted to file it. He said in 2005 that he had abstained from the vote.

A judge dismissed the legal challenge in September 2005, citing the plaintiffs' "failure to prosecute."

Pimienta also uses his PAC's money to pay rent to Impact Realty and to reimburse the company for the payroll and insurance costs that his real estate firm pays on behalf of the PAC's one full-time employee.

All of this is legal.

"There are no guidelines in the statute" for how PACs may use their money, said Fred Herrmann, executive director of the state Elections Law Enforcement Commission. "The PACs are free to spend their

money however they want."

Lucrative contracts

When the freeholders voted four times to award contracts to Impact Realty, the resolutions stated that they would be worth no more than \$10,000, and, in one case, \$15,000.

However, the contracts — which were all signed by County Executive Dennis McNerney — have been more lucrative, providing for the other forms of compensation.

Hague, speaking for McNerney, said Saturday it was clear the \$10,000 voted on by the freeholders reflected only the hourly charges.

"Contrary to what people think, they do review all the related documents," he said. "It was clear to us, and clear to the freeholders, what they were voting on."

Randall said that was not the case in 2003.

"I don't remember any discussion of it exceeding \$10,000," she said.

"The resolution should reflect what his compensation should be," she added. "A resolution should not omit material information."

Randall said that a contractor has to go back before the freeholders if payments will exceed a threshold, such as the \$10,000 to which the resolutions referred.

"It sounds like he was allowed to be paid in excess of what the freeholders authorized," she said.

David Ganz, a member of the current Freeholder Board, said Saturday that it is reasonable to assume that a hired real estate consultant would earn brokerage fees and commissions.

Nevertheless, "if I was drafting the resolution myself, I probably would include it," Ganz said.

In one case, the county paid Pimienta \$89,000 for suggesting that the Department of Community Development, once a tenant in a private office building on Salem Street in Hackensack, relocate to the county building — a rent savings, he determined, of \$890,000 over five years.

"It was my idea, my company's idea, my company's efforts that made that happen," Pimienta said.

He said the actual savings exceeded \$1.2 million, but he deducted the moving costs from his calculation to reduce his final take.

Pimienta also billed \$19,865 for his work renegotiating a lease for the Probation Department, plus \$6,000 in hourly

fees for reviewing the lease and inspecting the property, his invoices show.

"Normally, you don't get a salary plus a commission on the same package," said David Houston, president of Colliers Houston & Co., a real estate firm in Teaneck.

"Usually, they market themselves as, 'Whatever money we save you, we get a percentage. If we don't save you money, it doesn't cost you a thing.'"

Pimienta said that if he charged hourly fees on the same projects for which he collected a percentage of the savings, then he probably credited the county those fees afterward.

In other cases, the different fees reflect "distinct pieces of a deal," he said. The percentage he collects from the county as a result of finding savings are "result-oriented" charges, he said, while reviewing a lease and negotiating with a landlord are hourly charges.

"We don't bill for the same services," Pimienta said.

And private landlords whom he charged a brokerage fee after renewing the county lease had the option of not paying him that fee, he said.

"It's disclosed before the discussions," Pimienta said.

However, when the county bought the Goldberg slipper factory in 2005 for use as the future home of the Bergen County Police Department, Pimienta demanded half of the \$178,500 commission from the sale, saying he was the county's official real estate agent, court documents show. Employees of the James E. Hanson agency, which represented Goldberg, declined, saying Pimienta was not officially the county's agent. Pimienta sued and county officials testified on his behalf. The matter was settled out of court, with Pimienta receiving an undisclosed commission.

In later contracts, the freeholders referred to Pimienta as their agent.

But even that would not have entitled him to the commission on the Teterboro property, which the county bought for \$9.1 million last year through condemnation and not an outright sale, Hague said.

So the freeholders added another feature to his contract: an eminent domain fee, which allows the county to pay him 1 percent of the value of any building it takes by eminent domain.

A week later, the county paid him \$91,000 for the Teterboro deal.

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