

**30:9-23.24 et al.**  
**LEGISLATIVE HISTORY CHECKLIST**  
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**LAWS OF:** 2016                      **CHAPTER:** 55

**NJSA:** 30:9-23.24 et al.                      (Authorizes certain counties to establish county hospital authority; amends title of "Municipal Hospital Authority Law.")

**BILL NO:** S2361                      (Substituted for A3951)

**SPONSOR(S)** Weinberg and others

**DATE INTRODUCED:** June 16, 2016

**COMMITTEE:**                      **ASSEMBLY:** ---

**SENATE:** Health, Human Services and Senior Citizens

**AMENDED DURING PASSAGE:** Yes

**DATE OF PASSAGE:**                      **ASSEMBLY:** September 15, 2016

**SENATE:** September 15, 2016

**DATE OF APPROVAL:** September 21, 2016

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

**FINAL TEXT OF BILL** (First Reprint enacted)

**S2361**

<b>SPONSOR'S STATEMENT:</b> (Begins on page 30 of introduced bill)	Yes
<b>COMMITTEE STATEMENT:</b>	<b>ASSEMBLY:</b> No
	<b>SENATE:</b> Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at [www.njleg.state.nj.us](http://www.njleg.state.nj.us))

<b>FLOOR AMENDMENT STATEMENT:</b>	No
<b>LEGISLATIVE FISCAL ESTIMATE:</b>	No

**A3951**

<b>SPONSOR'S STATEMENT:</b> (Begins on page 30 of introduced bill)	Yes
<b>COMMITTEE STATEMENT:</b>	<b>ASSEMBLY:</b> Yes
	<b>SENATE:</b> No
<b>FLOOR AMENDMENT STATEMENT:</b>	No
<b>LEGISLATIVE FISCAL ESTIMATE:</b>	No

(continued)

**VETO MESSAGE:** Yes

**GOVERNOR'S PRESS RELEASE ON SIGNING:** Yes

**FOLLOWING WERE PRINTED:**

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**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** Yes

"Bergen Regional gets new oversight - panel created after alleged assaults at hospital," The Record, September 22, 2016

"Christie OKs new oversight group for state's largest hospital," nj.com, September 21, 2016

"5 key things to know about the Bergen Regional oversight bill," NorthJersey.com, September 21, 2016

"Christie signs bill to boost oversight of Bergen Regional Medical Center," NorthJersey.com, September 21, 2016

RWH/JA

P.L.2016, CHAPTER 55, *approved September 21, 2016*  
Senate, No. 2361 (*First Reprint*)

1 AN ACT authorizing the establishment of county hospital  
2 authorities, amending and supplementing P.L.2006, c.46, and  
3 amending P.L.1971, c.198 and P.L.1999, c.440.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 1 of P.L.2006, c.46 (C.30:9-23.15) is amended to  
9 read as follows:

10 1. Sections 1 through 9 of **[this act]** P.L.2006, c.46 (C.30:9-  
11 23.15 et al.), and section 7 of P.L. , c. (C. ) (pending before  
12 the Legislature as this bill) shall be known and may be cited as the  
13 "**[Municipal]** Local Hospital Authority Law."  
14 (cf; P.L.2006, c.46, s.1)

15  
16 2. Section 3 of P.L.2006, c.46 (C.30:9-23.17) is amended to  
17 read as follows:

18 3. For the purposes of this act:

19 "Acquisition" means the receiving, by purchase, gift, or  
20 otherwise, of all or any part of the assets and liabilities of a hospital  
21 located within a city through a contract or other agreement  
22 requiring at least \$12 million in working capital contributions from  
23 either the prior owner thereof or another nongovernmental source,  
24 as certified by the Local Finance Board in the Department of  
25 Community Affairs.

26 "Authority" or "local hospital authority" means a municipal  
27 hospital authority or a county hospital authority created pursuant to  
28 section 4 of **[this act]** P.L.2006, c.46 (C.30:9-23.18).

29 "Bonds" means bonds issued by **[the]** an authority pursuant to  
30 **[this act]** P.L.2006, c.46 (C.30:9-23.15 et al.).

31 "Chief executive officer of the county" means the county  
32 executive or the president of the board of chosen freeholders, as  
33 appropriate to the form of government of a county.

34 "City" means a city that is classified for legislative purposes  
35 pursuant to N.J.S.40A:6-4 and which adopts an ordinance creating a  
36 municipal hospital authority pursuant to **[this act]** P.L.2006, c.46  
37 (C.30:9-23.15 et al.).

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate amendments adopted in accordance with Governor's recommendations September 15, 2016.

1        "County" means a county that, by ordinance or resolution, as  
2 appropriate, creates a county hospital authority pursuant to section 4  
3 of P.L.2006, c.46 (C.30:9-23.18).

4        "County hospital" means a hospital that is owned <sup>1</sup>, operated, or  
5 maintained<sup>1</sup> by <sup>1</sup>or on behalf of<sup>1</sup> a county or by <sup>1</sup>or on behalf of<sup>1</sup> a  
6 county hospital authority, which hospital makes available at least  
7 800 beds for long term care, acute care, or behavioral health care  
8 patients, or any combination thereof.

9        "Governing body" means a governing body as defined in the  
10 "Local Fiscal Affairs Law," N.J.S.40A:5-1 et seq.

11        "Hospital" means an institution licensed and classified as a  
12 general hospital by the Commissioner of Health <sup>1</sup>**【and Senior**  
13 **Services】<sup>1</sup>** pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.) and  
14 N.J.A.C.8:43G-1 et seq., notwithstanding that the general hospital  
15 also may be licensed to provide inpatient psychiatric or  
16 comprehensive rehabilitation hospital services, or other related  
17 services.

18        "Local Finance Board" means the Local Finance Board in the  
19 Division of Local Government Services in the Department of  
20 Community Affairs.

21        "Manager" means the **【nonprofit】** management entity or entities  
22 hired by an authority to manage and operate a hospital, or any  
23 portion of a hospital **【, owned by that authority】**.

24        "Notes" means notes issued by the authority pursuant to **【this**  
25 **act】** P.L.2006, c.46 (C.30:9-23.15 et al.).

26        **【"Project"】** "Operate and maintain" means **【the acquisition, by**  
27 **purchase, gift or otherwise, of all or any part of the assets and**  
28 **liabilities of a hospital located within a city through a contract or**  
29 **other agreement requiring at least \$12 million in working capital**  
30 **contributions from either the prior owner thereof or another**  
31 **nongovernmental source, as certified by the Local Finance Board in**  
32 **the Department of Community Affairs;】** overseeing the  
33 management and operation of **【that】** a hospital, or managing and  
34 operating a hospital; **【and the costs of any】** overseeing capital  
35 **improvements **【or】** and purchases of equipment related to the**  
36 **operation, maintenance, expansion, renovation, or rehabilitation of**  
37 **【that】** a hospital; and overseeing the provision of working capital  
38 **for operation of **【that】** a hospital, along with any required costs of**  
39 **issuing any bonds or notes therefor.**

40 (cf: P.L.2006, c.46, s.3)

41

42        3. Section 4 of P.L.2006, c.46 (C.30:9-23.18) is amended to  
43 read as follows:

44        4. a. (1) The governing body of a city may create, by  
45 ordinance, a body corporate and politic to be known as the " . . . .  
46 Municipal Hospital Authority," inserting the name of such city.

1 The authority shall constitute an agency and instrumentality of the  
2 city creating it.

3 (2) The governing body of a county that owns a county hospital  
4 may create by ordinance or resolution as appropriate, a body  
5 corporate and politic to be known as the " . . . . County Hospital  
6 Authority," inserting the name of the county. The authority shall  
7 constitute an agency and instrumentality of the county creating it.

8 (3) A governing body of a city **【so】** or county creating **【an】** a  
9 local hospital authority shall have power from time to time and for  
10 such period and upon such terms, with or without consideration, as  
11 may be provided by such resolution or ordinance and accepted by  
12 the authority **【(1)】** :

13 (a) to appropriate moneys for the purposes of the authority, and  
14 to loan or donate such money to the authority in such installments  
15 and upon such terms as may be agreed upon with the authority,

16 **【(2)】** (b) to covenant and agree with the authority to pay to or  
17 on the order of the authority annually or at shorter intervals as a  
18 subsidy for the promotion of its purposes not exceeding such sums  
19 of money as may be stated in such resolution or ordinance or  
20 computed in accordance therewith, and

21 **【(3)】** (c) upon authorization by it in accordance with law of the  
22 performance of any act or thing which it is empowered by law to  
23 authorize and perform and after appropriation of the moneys (if  
24 any) necessary for such performance, to covenant and agree with  
25 the authority to do and perform such act or thing and as to the time,  
26 manner and other details of its doing and performance, and, in  
27 accordance with the limitations and any exceptions thereto and in  
28 the manner or mode of procedure prescribed by the local bond law  
29 to incur indebtedness, borrow money and issue its negotiable bonds  
30 for the purpose of financing such project and appropriation, and to  
31 pay the proceeds of such bonds to the authority.

32 b. A **【municipal】** local hospital authority created pursuant to  
33 **【this act】** this section shall be subject to the procedures of the  
34 "Local Authorities Fiscal Control Law," P.L.1983, c.313  
35 (C.40A:5A-1 et seq.), and shall operate pursuant to the provisions  
36 of that law, except as otherwise provided in P.L.2006, c.46 (C.30:9-  
37 23.15 et al.). The sole purpose of **【the】** a municipal hospital  
38 authority shall be to carry out **【a project】** an acquisition and to  
39 operate and maintain a **【project】** hospital. The sole purpose of a  
40 county hospital authority shall be to operate and maintain a county  
41 hospital. <sup>1</sup>Nothing in P.L.2006, c.46 (C.30:9-23.15 et al.) or any  
42 other State statute or regulation shall require that a county hospital  
43 authority hold any facility license to accomplish any of the  
44 objectives of P.L.2006, c.46 (C.30:9-23.15 et al.) or for a hospital to  
45 be designated a "county hospital" or to prohibit the right to apply  
46 for a license by any operator. Further, nothing herein or any action  
47 taken in accordance with P.L.2006, c.46 (C.30:9-23.15 et al.) shall

1 affect a county hospital's designation or ability to operate, manage,  
2 or obtain reimbursement as a county hospital, as provided by New  
3 Jersey law.<sup>1</sup>

4 c. Except as otherwise limited by **【this act】** P.L.2006, c.46  
5 (C.30:9-23.15 e al.), the authority shall have power:

6 (1) To finance and implement **【a project as defined pursuant to**  
7 **section 2 of P.L.2006, c.46 (C.30:9-23.16)】** the acquisition of a  
8 hospital and to operate and maintain a hospital;

9 (2) To sue and be sued;

10 (3) To have an official seal and alter it at pleasure;

11 (4) To make and alter bylaws for its organization and internal  
12 management and for the conduct of its affairs and business;

13 (5) To maintain an office at a place within the State as it may  
14 determine;

15 (6) To acquire, hold, use, and dispose of its income, revenues,  
16 funds, and moneys;

17 (7) To acquire, lease as lessee or lessor, rent, hold, use, and  
18 dispose of real or personal property for its purposes;

19 (8) To borrow money and to issue its negotiable bonds or notes  
20 and to secure them by a mortgage on its property or any part  
21 thereof, or by a pledge of its revenues, and otherwise to provide for  
22 and secure the payment of them and to provide for the rights of the  
23 holders of the bonds or notes;

24 (9) To make and enter into all contracts and agreements  
25 **【which】** that are necessary or incidental to the performance of its  
26 duties and the exercise of its powers under this act;

27 (10) To establish, acquire, construct, rehabilitate, repair,  
28 improve, own, manage, operate, and maintain a **【project】** hospital,  
29 or oversee the management and operation of a hospital, and let,  
30 award and enter into construction contracts, purchase orders and  
31 other contracts with respect to a **【project】** hospital as the authority  
32 shall determine;

33 (11) To fix and revise from time to time, and charge and collect,  
34 rents, fees and charges for the use, occupancy or services of the  
35 hospital or any part thereof or for admission thereto, and for the  
36 grant of concessions therein and for things furnished or services  
37 rendered by the authority through a **【project】** hospital;

38 (12) To function as the hospital governing body responsible for  
39 **【establishing】** approving hospital-wide policy, **【to establish】**  
40 establishing and **【enforce】** enforcing rules, regulations and bylaws  
41 for the use or operation of the hospital or the conduct of its  
42 activities, maintaining quality of care, and providing institutional  
43 management and planning, which functions **【shall not】** may be  
44 delegated or assigned to another entity, so long as the authority  
45 retains direct oversight over the entity;

46 (13) Subject to any agreement with bondholders or noteholders,  
47 to invest moneys of the authority not required for immediate use,

1 including proceeds from the sale of any bonds or notes, in  
2 obligations, securities and other investments the authority deems  
3 prudent;

4 (14) To contract for and to accept any gifts or grants or loans of  
5 funds or property or financial or other aid in any form from the  
6 United States of America or any agency or instrumentality thereof,  
7 or from the State or any agency, instrumentality or political  
8 subdivision thereof, or from any other source, including for-profit  
9 or nonprofit organizations or the general public, and to comply,  
10 subject to the provisions of this act, with the terms and conditions  
11 thereof;

12 (15) Subject to any agreements with bondholders or noteholders,  
13 to purchase bonds or notes of the authority out of any funds or  
14 money of the authority available for those purposes, and to hold,  
15 cancel or resell the bonds or notes;

16 (16) To appoint and employ an executive director and additional  
17 officers, who need not be members of the authority, and  
18 accountants, attorneys, financial advisors, or experts and any other  
19 officers, agents and employees as it may require and determine their  
20 qualifications, terms of office, duties and compensation, all without  
21 regard to the provisions of Title 11A, Civil Service of the New  
22 Jersey Statutes;

23 (17) To do and perform any acts and things authorized by this act  
24 under, through, or by means of contracts <sup>1</sup>, including through a joint  
25 venture,<sup>1</sup> with a nonprofit or for-profit entity or entities;

26 (18) To procure insurance against any losses in connection with  
27 its property, operations or assets in such amounts and from such  
28 insurers as it deems desirable; and

29 (19) To do anything necessary or convenient to carry out its  
30 purposes and exercise the powers granted in **[this act]** P.L.2006,  
31 c.46 (C.30:9-23.15 et al.).

32 (cf: P.L.2006, c.46, s.4)

33

34 4. Section 5 of P.L.2006, c.46 (C.30:9-23.19) is amended to  
35 read as follows:

36 5. a. **[The]** A local hospital authority shall be governed by an  
37 11-member board. The members shall be divided among four  
38 classes.

39 (1) The Class I member of a municipal hospital authority shall  
40 be the mayor of the city, or his designee, ex officio. The Class I  
41 member of a county hospital authority shall be the chief executive  
42 officer of the county, or his designee, ex officio.

43 (2) There shall be two Class II **[hospital]** members of a local  
44 hospital authority, who shall serve on, and be appointed by, the  
45 medical staff executive committee of the hospital, to terms  
46 concurrent with their membership on the executive committee, and  
47 who need not be residents of the city or county.

1 (3) There shall be six Class III public members of a local  
2 hospital authority, at least four of whom shall be residents of the  
3 city or county, but none of whom shall be officers or employees of  
4 the city or county or of the manager.

5 (a) The Class III public members of a municipal hospital  
6 authority shall be appointed by the mayor of the city, with the  
7 advice and consent of the city council. At least two of the Class III  
8 members of a municipal hospital authority shall have special  
9 expertise as follows: one shall have extensive expertise in finance  
10 of private or nonprofit organizations, and one shall have extensive  
11 expertise in nonprofit organizational management. The Class III  
12 members shall serve for terms of five years and until their  
13 respective successors have been appointed and qualified; except  
14 that of the six members first appointed by the mayor, one shall be  
15 appointed for a term of one year, one for a term of two years, one  
16 for a term of three years, one for a term of four years, and two for a  
17 term of five years.

18 (b) The Class III public members of a county hospital authority  
19 shall be appointed as follows: five members shall be appointed by  
20 the chief executive officer of the county, with the advice and  
21 consent of the board of chosen freeholders; and one member shall  
22 be appointed by the Governor <sup>1</sup>], with the advice and consent of the  
23 Senate]<sup>1</sup>. At least two of the five Class III members of a county  
24 hospital authority appointed by the chief executive officer of the  
25 county shall have special expertise as follows: one shall have  
26 extensive expertise in finance, and one shall have extensive  
27 expertise in organizational management. The Class III members of  
28 a county hospital authority appointed by the chief executive officer  
29 of the county shall serve for terms of five years and until their  
30 respective successors have been appointed and qualified; except  
31 that initially, one shall be appointed for a term of one year, one for  
32 a term of two years, one for a term of three years, one for a term of  
33 four years, and one for a term of five years. The Class III member  
34 of a county hospital authority appointed by the Governor shall serve  
35 at the pleasure of the Governor, <sup>1</sup>[with the advice and consent of  
36 the Senate,]<sup>1</sup> and shall be a physician who is licensed to practice  
37 medicine and surgery in the State and who is knowledgeable about,  
38 or has clinical experience in, the field of chemical dependency or  
39 addiction-oriented psychiatry.

40 (4) <sup>1</sup>[The hospital's chief executive officer or a designee thereof  
41 shall serve as a nonvoting Class IV member.] There shall be two  
42 nonvoting Class IV members of a local hospital authority<sup>1</sup>. The  
43 Commissioner of Community Affairs shall appoint <sup>1</sup>[one  
44 individual] two individuals<sup>1</sup> as <sup>1</sup>[a]<sup>1</sup> nonvoting Class IV  
45 <sup>1</sup>[member] members<sup>1</sup>.

46 (5) Vacancies shall be filled in the same manner as the original  
47 appointments were made, but for the unexpired term.



1       b. Members of an authority shall not receive compensation for  
2 their services, but shall be entitled to reimbursement for actual  
3 expenses necessarily incurred in the discharge of the duties of  
4 membership, including travel expenses. The powers of the  
5 authority shall be vested in the members thereof in office from time  
6 to time. Five members shall constitute a quorum of the authority  
7 for the purpose of conducting its business and exercising its powers  
8 and all other purposes. Action may be taken by the authority upon  
9 the affirmative vote of the majority, but not less than five of the  
10 members present, unless in any case the bylaws of the authority or  
11 State law or regulation shall require a larger number.

12       c. The authority shall select a chairman and a vice-chairman  
13 from among its Class III public members, and may employ an  
14 executive director, who may be its secretary.

15       d. Class II and Class IV members of the authority shall not be  
16 deemed to have an interest in the hospital solely by virtue of their  
17 membership on the medical staff of the hospital or their  
18 employment by or contract with a manager, and they shall not be  
19 subject to the provisions of subsections d. and e. of section 5 of  
20 P.L.1991, c.29 (C.40A:9-22.5) of the "Local Government Ethics  
21 Law."

22       e. A member of an authority may be removed by the governing  
23 body or officer by which he was appointed for inefficiency or  
24 neglect of duty or misconduct in office; but only after the member  
25 has been given a copy of the charges at least 10 days prior to a  
26 hearing thereon and has had the opportunity to be heard in person or  
27 by counsel. In the event of a removal of any member of an  
28 authority, a record of the proceedings, together with the charges and  
29 findings thereon, shall be filed in the office of the clerk of the city,  
30 in the case of a municipal authority, or in the office of the clerk to  
31 the board of chosen freeholders, in the case of a county authority.  
32 (cf: P.L.2006, c.46, s.5)

33

34       5. Section 6 of P.L.2006, c.46 (C.30:9-23.20) is amended to  
35 read as follows:

36       6. a. **【The】** (1) A municipal authority shall exercise its powers  
37 and duties to manage and operate a hospital owned by it through a  
38 contract or contracts with a manager, which may be entered into  
39 without public advertising for bid as otherwise required pursuant to  
40 the provisions of section 3 of P.L.1971, c.198 (C.40A:11-3);  
41 provided, however, that the primary responsibility of operating the  
42 hospital shall remain that of the authority.

43       (2) A county authority may exercise its powers and duties to  
44 manage, operate, and maintain a county hospital through a contract  
45 or contracts with a manager, which contract or contracts shall be  
46 entered into by competitive contracting pursuant to the "Local  
47 Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.) <sup>1</sup>【;  
48 provided, however, that the primary responsibility of overseeing the

1 management, operation, and maintenance of the hospital shall  
2 remain that of the authority】<sup>1</sup>.

3 b. (1) The initial duration of a contract entered into pursuant to  
4 paragraph (1) of subsection a. of this section shall not exceed five  
5 years. A contract entered into pursuant to 【this】 paragraph (1) of  
6 subsection a. of this section may be renewed for an additional  
7 period, not to exceed five years. A contract entered into pursuant to  
8 paragraph (1) of subsection a. of this section more than ten years  
9 from the date of the initial contract shall be negotiated as a new  
10 contract and not as a renewal contract.

11 (2) The initial duration of a contract entered into pursuant to  
12 paragraph (2) of subsection a. of this section shall not exceed <sup>1</sup>【a  
13 term of 20 years, provided, however, that a contract entered into  
14 pursuant to paragraph (2) of subsection a. of this section may be  
15 renewed for two additional periods, not to exceed five years each】  
16 the term provided for in subsection (47) of section 15 of P.L.1971,  
17 c.198 (C.40A:11-15)<sup>1</sup>.

18 c. A contract, or a renewal thereof, with a manager to manage  
19 and operate a hospital **【owned by the authority】** shall be effective  
20 only with the prior written consent of the Local Finance Board,  
21 which shall consult with the Commissioner of Health and Senior  
22 Services. The Local Finance Board shall establish an application  
23 procedure, submission requirements, and set minimum standards  
24 and content that shall be included in any contract with **【a nonprofit】**  
25 an entity to manage and operate a hospital **【owned by the**  
26 **authority】**.

27 A contract with a manager shall provide that, in addition to such  
28 other matters as determined to be necessary by the authority or as  
29 otherwise required by law or regulation:

30 (1) The authority or its agents, and the city or county or **【its】**  
31 the agents of the city or county, shall have independent access to  
32 the books and records of the hospital at all times; <sup>1</sup>**【and】**<sup>1</sup>

33 (2) **【The Governor of the State of New Jersey shall appoint an**  
34 **individual to serve on the board of directors of the manager during**  
35 **the term of the contract, including renewals; and】** <sup>1</sup>**【(Deleted by**  
36 **amendment, P.L. , c. ) (pending before the Legislature as this**  
37 **bill)】** The Governor of the State of New Jersey shall appoint an  
38 individual to serve on the board of directors of the manager during  
39 the term of the contract, including renewals; and<sup>1</sup>

40 (3) Other than for routine, day-to-day business activities, the  
41 authority shall have the final determination regarding the  
42 acquisition and disposition of assets, or the incurring of debt or  
43 expenses.

44 d. When contracting with a manager, **【the authority shall**  
45 **approve】** the individuals that the manager proposes to designate as  
46 the hospital's chief executive officer and chief financial officer, by  
47 whatever title, and any change thereof, and **【shall also approve】** all

1 contracts or other arrangements setting forth terms and conditions  
2 of employment for those positions shall be subject to the approval  
3 of the authority.

4 e. An authority shall take the following actions pursuant to any  
5 requirements that may be established by the Local Finance Board:

6 (1) adopt a management plan for the hospital, including  
7 monitoring and review methods of financial activities;

8 (2) set minimum requirements for meetings of the authority, and  
9 minimum attendance requirements for members;

10 (3) establish a formal mechanism for communication among the  
11 members of the authority's board, hospital administrators and  
12 medical staff;

13 (4) form a finance committee, which shall be responsible for the  
14 oversight of the finances of the authority, and delineate the duties  
15 and obligations of the finance committee; and

16 (5) include minimum provisions that shall be included in a  
17 contract with a manager. Such provisions shall include the  
18 submission of an annual budget of the hospital and of the  
19 **【nonprofit】** manager by the manager for the approval of the  
20 authority. The approval of these items shall be conditioned upon  
21 the approval of the authority's annual budget pursuant to the "Local  
22 Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et  
23 seq.). The budget and any supporting documents as may be  
24 required by the Division of Local Government Services shall be  
25 submitted to the division as part of the submission of the authority's  
26 annual budget.

27 (cf: P.L.2006, c.46, s.6)

28

29 6. Section 7 of P.L.2006, c.46 (C.30:9-23.21) is amended to  
30 read as follows:

31 7. a. Bonds or notes issued under **【this act】** P.L.2006, c.46  
32 (C.30:9-23.15 et al.) shall be issued and sold in the same manner,  
33 and subject to the same restrictions, as applicable to bonds of an  
34 authority authorized to be issued pursuant to the "municipal and  
35 county utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et  
36 seq.), including specifically sections 25 through 33 (C.40:14B-25  
37 through C.40:14B-33).

38 An authority formed pursuant to P.L.2006, c.46 (C.30:9-23.15 et  
39 al.) shall be deemed to be a municipal authority for the purposes of  
40 sections 59, 62, 63, 64, and 65 of P.L.1957, c.183 (C.40:14B-59 and  
41 C.40:14B-62 through C.40:14B-65), and those sections shall be  
42 applicable to a **【municipal】** local hospital authority and its bonds as  
43 authorized pursuant to P.L.2006, c.46 (C.30:9-23.15 et al.).  
44 P.L.2006, c.46 (C.30:9-23.15 et al.) shall be construed liberally to  
45 effectuate the legislative intent and as complete and independent  
46 authority for the performance by a **【municipal】** local hospital  
47 authority of each and every act and thing herein authorized.

1 For purposes of P.L.2006, c.46 (C.30:9-23.15 et al.), "costs"  
2 means, in addition to the usual connotations thereof, the cost of  
3 acquisition or construction of all or any part of a hospital and of all  
4 or any property, rights, easements, privileges, or agreements  
5 deemed by the authority to be necessary or useful and convenient  
6 therefor or in connection therewith, including interest or discount  
7 on bonds, cost of issuance of bonds, and legal expenses, cost of  
8 financial, professional and other estimates and advice, organization,  
9 administrative, operating and other expenses of the authority or of a  
10 hospital owned by the authority prior to and during such acquisition  
11 or construction, and all such other expenses as may be necessary or  
12 incident to the financing, acquisition, construction and completion  
13 of the hospital, or any part thereof, and the placing of the same in  
14 operation, and also such provision or reserves for working capital,  
15 operating, maintenance or replacement expenses or for payment or  
16 security of principal of or interest on bonds during or after such  
17 acquisition or construction as the authority may determine, and also  
18 reimbursements to the authority or the city or the county of any  
19 moneys theretofore expended for the purposes of the authority. In  
20 addition, the issuance of any bonds or other instruments by a  
21 **【municipal】** local hospital authority shall be subject to the approval  
22 of the Local Finance Board in the Department of Community  
23 Affairs.

24 b. Contracts entered into between **【the】** a city and **【the】** an  
25 authority, or a county and an authority, pursuant to P.L.2006, c.46  
26 (C.30:9-23.15 et al.), may **【also】** contain provisions as to the  
27 financing and payment of expenses to be incurred by the authority  
28 and determined by it to be necessary for its purposes. Every such  
29 contract shall be authorized and entered into under and pursuant to  
30 a resolution adopted by the authority and either an ordinance of the  
31 governing body of the city, or an ordinance or resolution of the  
32 governing body of the county, but the terms or text of the contract  
33 need not be set forth in full or stated in any such resolution or  
34 ordinance if the form of the contract is on file in the office of the  
35 municipal clerk or clerk to the board of chosen freeholders, as  
36 appropriate, and the place in fact of such filing is described in the  
37 resolution or ordinance. Any such contract may be made with or  
38 without consideration and for a specified or an unlimited time and  
39 on any terms and conditions which may be approved by or on  
40 behalf of the city or county and which may be agreed to by the  
41 authority in conformity with its contracts with the holders of any  
42 bonds or notes, and shall be valid whether or not an appropriation  
43 with respect thereto is made by the city or county prior to  
44 authorization or execution thereof. Every such city or county is  
45 hereby authorized and directed to do and perform any and all acts or  
46 things necessary, convenient or desirable to carry out and perform  
47 every such contract and to provide for the payment or discharge of

1 any obligation thereunder in the same manner as other obligations  
2 of that city or county.

3 c. The city or county may unconditionally guarantee the  
4 punctual payment of the principal of and interest on any bonds or  
5 notes issued by the authority, in the same manner, and subject to the  
6 same restrictions, as municipal guarantees of bonds of an authority  
7 authorized to be issued pursuant to the "Parking Authority Law,"  
8 P.L.1948, c.198 (C.40:11A-1 et seq.).

9 d. The provisions of N.J.S.40A:2-11 shall not apply to any  
10 bond ordinance of the city or county authorizing bonds pursuant to  
11 P.L.2006, c.46 (C.30:9-23.15 et al.).

12 e. Notwithstanding any provision of **[this act]** P.L.2006, c.46  
13 (C.30:9-23.15 et al.) to the contrary, any investments of money by  
14 the authority shall be made consistent with the provisions of  
15 N.J.S.40A:5-1 et seq.

16 (cf: P.L.2006, c.46, s.7)

17

18 7. (New section) a. (1) A county hospital authority may enter  
19 into a contract with a private entity, subject to subsection f. of this  
20 section, to be referred to as a public-private partnership agreement,  
21 that permits the private entity to assume full financial and  
22 administrative responsibility for a project, provided that the project  
23 is financed in whole <sup>1</sup>or in part<sup>1</sup> by the private entity and that the  
24 county or the county hospital authority retains full ownership of the  
25 land upon which the project is completed.

26 (2) As used in this section, "project" means the on-site  
27 construction, reconstruction, repair, alteration, improvement,  
28 extension, management, or operation of a building, structure, or  
29 facility of, or for the benefit of, a county hospital.

30 (3) A public-private partnership agreement may include an  
31 agreement under which a county hospital authority leases to a  
32 private entity, in whole or in part, the operation of a revenue-  
33 producing facility of a county hospital to which the county or the  
34 county hospital authority holds title, in exchange for up-front or  
35 structured financing by the private entity for the construction of a  
36 building, structure, or facility of, or for the benefit of, the hospital.  
37 Under the lease agreement, the county or county hospital authority  
38 shall continue to hold title to <sup>1</sup>the facility<sup>1</sup>, and <sup>1</sup>may continue to  
39 hold the<sup>1</sup> license of <sup>1</sup>**[.]**<sup>1</sup> the facility, and the private entity shall be  
40 responsible for the management, operation, and maintenance of the  
41 facility. <sup>1</sup>A county or county hospital authority is permitted, in its  
42 discretion, to assign the right to apply for or acquire the license for  
43 the facility to the private entity, provided the county or county  
44 hospital authority obtains covenants and conditions from the private  
45 entity for the management, operation, or maintenance of the  
46 facility.<sup>1</sup> The private entity shall receive some or all, as per the  
47 agreement, of the revenue generated by the facility and shall operate  
48 the facility in accordance with hospital standards. At the end of the

1 lease term, subsequent revenue generated by the facility, along with  
2 management, operation, and maintenance responsibility, shall revert  
3 to the county or the county hospital authority.

4 b. (1) A private entity that assumes financial and administrative  
5 responsibility for a project pursuant to subsection a. of this section  
6 shall not be subject to the procurement and contracting  
7 requirements of any statute applicable to a county hospital  
8 authority, including the "Local Public Contracts Law," P.L.1971,  
9 c.198 (C.40A:11-1 et seq.). For the purposes of facilitating the  
10 financing of a project pursuant to subsection a. of this section, a  
11 public entity:

12 (a) may become the owner or lessee of the project or the lessee  
13 of the land, or both,

14 (b) may become the lessee of a revenue-producing facility to  
15 which the county or the county hospital authority holds title,

16 (c) may issue indebtedness in accordance with the public  
17 entity's enabling legislation, and

18 (d) notwithstanding any provision of law to the contrary, shall  
19 be empowered to enter into contracts with a private entity and its  
20 affiliates without being subject to the procurement and contracting  
21 requirements of any statute applicable to the public entity provided  
22 that the private entity has been selected by the county hospital  
23 authority pursuant to a solicitation of proposals or qualifications.

24 (2) For the purposes of this section, a public entity shall include  
25 the New Jersey Health Care Facilities Financing Authority, and any  
26 project undertaken pursuant to subsection a. of this section of which  
27 the authority becomes the owner or lessee, or which is situated on  
28 land of which the authority becomes the lessee, shall be deemed a  
29 "project" under the "New Jersey Health Care Facilities Financing  
30 Authority Law," P.L.1972, c.29 (C.26:2I-1 et seq.).

31 (3) As the carrying out of any project described pursuant to this  
32 section constitutes the performance of an essential public function,  
33 a project predominantly used in furtherance of the purposes of a  
34 county hospital authority undertaken pursuant to this section,  
35 provided it is owned by or leased to a public entity, non-profit  
36 business entity, foreign or domestic, or a business entity wholly  
37 owned by a non-profit business entity, shall at all times be exempt  
38 from property taxation and special assessments of the State, or any  
39 municipality, or other political subdivision of the State and,  
40 notwithstanding the provisions of section 15 of P.L.1974, c.80  
41 (C.34:1B-15), section 2 of P.L.1977, c.272 (C.54:4-2.2b), or any  
42 other section of law to the contrary, shall not be required to make  
43 payments in lieu of taxes. The land upon which a project is located  
44 shall also at all times be exempt from property taxation. Further,  
45 the project and land upon which the project is located shall not be  
46 subject to the provisions of section 1 of P.L.1984, c.176 (C.54:4-  
47 1.10) regarding the tax liability of private parties conducting for  
48 profit activities on tax exempt land, or section 1 of P.L.1949, c.177

1 (C.54:4-2.3) regarding the taxation of leasehold interests in exempt  
2 property that are held by nonexempt parties.

3 c. <sup>1</sup>【Each worker employed in the construction, rehabilitation, or  
4 building maintenance services of facilities by a private entity that  
5 has entered into a public-private partnership agreement with a  
6 county hospital authority pursuant to subsection a. of this section  
7 shall be paid not less than the prevailing wage rate for the worker's  
8 craft or trade as determined by the Commissioner of Labor and  
9 Workforce Development pursuant to P.L.1963, c.150 (C.34:11-  
10 56.25 et seq.) and P.L.2005, c.379 (C.34:11-56.58 et seq.)】 The  
11 general contractor, construction manager, design-build team, or  
12 subcontractor for a project proposed in accordance with this section  
13 shall be classified by the Division of Property Management and  
14 Construction to perform work on a public-private partnership  
15 hospital project<sup>1</sup>.

16 d. (1) <sup>1</sup>【A construction project under a public-private  
17 partnership agreement entered into pursuant to this section shall  
18 contain a project labor agreement. The project labor agreement  
19 shall be subject to the provisions of P.L.2002, c.44 (C.52:38-1 et  
20 seq.), and shall be in a manner that, to the greatest extent possible,  
21 enhances employment opportunities for individuals residing in the  
22 county of the project's location. The general contractor,  
23 construction manager, design-build team, or subcontractor for a  
24 construction project proposed in accordance with this paragraph  
25 shall be registered pursuant to the provisions of P.L.1999, c.238  
26 (C.34:11-56.48 et seq.), and shall be classified by the Division of  
27 Property Management and Construction to perform work on a  
28 public-private partnership hospital project. All construction  
29 projects】 Projects<sup>1</sup> proposed in accordance with this <sup>1</sup>【paragraph】  
30 section<sup>1</sup> shall be submitted to the New Jersey Health Care Facilities  
31 Financing Authority for its review and approval and, when  
32 practicable, are encouraged to adhere to the Leadership in Energy  
33 and Environmental Design Green Building Rating System as  
34 adopted by the United States Green Building Council.

35 (2) Where no public fund has been established for the financing  
36 of a public improvement, the chief financial officer of the public  
37 owner shall require the private entity for whom the public  
38 improvement is being made to post, or cause to be posted, a bond  
39 guaranteeing prompt payment of moneys due to the contractor, his  
40 or her subcontractors and to all persons furnishing labor or  
41 materials to the contractor or his or her subcontractors in the  
42 prosecution of the work on the public improvement.

43 e. A general contractor, construction manager, design-build  
44 team, or subcontractor shall be registered pursuant to the provisions  
45 of P.L.1999, c.238 (C.34:11-56.48 et seq.), and shall be classified  
46 by the Division of Property Management and Construction to  
47 perform work on a public-private partnership hospital project.

- 1 f. (1) All projects proposed in accordance with this section  
2 shall be submitted to the New Jersey Health Care Facilities  
3 Financing Authority for the authority's review and approval. The  
4 projects are encouraged, when practicable, to adhere to the green  
5 building manual prepared by the Commissioner of Community  
6 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6).
- 7 (2) (a) In order for an application to be complete and considered  
8 by the authority, the application shall include, but not be limited to:  
9 (i) a public-private partnership agreement between the county  
10 hospital authority and the private developer;  
11 (ii) a full description of the project, including a description of  
12 any agreement for the lease of a revenue-producing facility related  
13 to the project;  
14 (iii) the estimated costs and financial documentation for the  
15 project;  
16 (iv) a timetable for completion of the project extending no more  
17 than five years after consideration and approval; and  
18 (v) any other requirements that the authority deems appropriate  
19 or necessary.
- 20 (b) As part of the estimated costs and financial documentation  
21 for the project, the application shall contain a long-range  
22 maintenance plan and shall specify the expenditures that qualify as  
23 an appropriate investment in maintenance. The long-range  
24 maintenance plan shall be approved by the New Jersey Health Care  
25 Facilities Financing Authority pursuant to regulations promulgated  
26 by the authority that reflect national building maintenance standards  
27 and other appropriate building maintenance benchmarks. <sup>1</sup>【All  
28 contracts to implement a long-range maintenance plan pursuant to  
29 this paragraph shall contain a project labor agreement. The project  
30 labor agreement shall be subject to the provisions of P.L.2002, c.44  
31 (C.52:38-1 et seq.), and shall be in a manner that to the greatest  
32 extent possible enhances employment opportunities for individuals  
33 residing in the county of the project's location.】<sup>1</sup>
- 34 (3) The authority shall review all completed applications, and  
35 request additional information as is needed to make a complete  
36 assessment of the project. No project shall be undertaken until final  
37 approval has been granted by the New Jersey Health Care Facilities  
38 Financing Authority; provided, however, that the authority shall  
39 retain the right to revoke approval if it determines that the project  
40 has deviated from the plan submitted pursuant to paragraph (2) of  
41 this subsection.
- 42 (4) The New Jersey Health Care Facilities Financing Authority  
43 may promulgate any rules and regulations necessary to implement  
44 this subsection, including provisions for fees to cover  
45 administrative costs.
- 46 g. Where no public fund has been established for the financing  
47 of a public improvement, the chief financial officer of the public  
48 owner shall require the private entity for whom the public



1 improvement is being made to post, or cause to be posted, a bond  
2 guaranteeing prompt payment of moneys due to the contractor, his  
3 or her subcontractors and to all persons furnishing labor or  
4 materials to the contractor or his or her subcontractors in the  
5 prosecution of the work on the public improvement.

6 h. The provisions of P.L.2009, c.136 (C.52:18-42 et al.) shall  
7 not apply to any project carried out pursuant to this section.

8  
9 8. Section 2 of P.L.1971, c.198 (C.40A:11-2) is amended to  
10 read as follows:

11 2. As used herein the following words have the following  
12 definitions, unless the context otherwise indicates:

13 (1) "Contracting unit" means:

14 (a) Any county; or

15 (b) Any municipality; or

16 (c) Any board, commission, committee, authority or agency,  
17 which is not a State board, commission, committee, authority,  
18 except as provided pursuant to P.L.2013, c.4, or agency, and which  
19 has administrative jurisdiction over any district other than a school  
20 district, project, or facility, included or operating in whole or in  
21 part, within the territorial boundaries of any county or municipality  
22 which exercises functions which are appropriate for the exercise by  
23 one or more units of local government, including functions  
24 exercised in relation to the administration and oversight of a  
25 tourism district located in a municipality in which authorized casino  
26 gaming occurs, and which has statutory power to make purchases  
27 and enter into contracts awarded by a contracting agent for the  
28 provision or performance of goods or services.

29 The term shall not include a private firm that has entered into a  
30 contract with a public entity for the provision of water supply  
31 services pursuant to P.L.1995, c.101 (C.58:26-19 et al.).

32 "Contracting unit" shall not include a private firm or public  
33 authority that has entered into a contract with a public entity for the  
34 provision of wastewater treatment services pursuant to P.L.1995,  
35 c.216 (C.58:27-19 et al.).

36 "Contracting unit" shall not include a duly incorporated nonprofit  
37 association that has entered into a contract with the governing body  
38 of a city of the first class for the provision of water supply services  
39 or wastewater treatment services pursuant to section 2 of P.L.2002,  
40 c.47 (C.40A:11-5.1).

41 "Contracting unit" shall not include **【a** duly incorporated  
42 nonprofit**】** an entity that has entered into a contract for management  
43 and operation services with a **【municipal】** local hospital authority  
44 established pursuant to P.L.2006, c.46 (C.30:9-23.15 et al.).

45 (2) "Governing body" means:

46 (a) The governing body of the county, when the purchase is to  
47 be made or the contract or agreement is to be entered into by, or  
48 **1【in】** on<sup>1</sup> behalf of, a county; or

- 1 (b) The governing body of the municipality, when the purchase  
2 is to be made or the contract or agreement is to be entered into by,  
3 or on behalf of, a municipality; or
- 4 (c) Any board, commission, committee, authority or agency of  
5 the character described in subsection (1) (c) of this section.
- 6 (3) "Contracting agent" means the governing body of a  
7 contracting unit, or appointed membership of a State authority  
8 authorized to enter into a cooperative purchasing agreement  
9 pursuant to P.L.2013, c.4, or its authorized designee, which has the  
10 power to prepare the advertisements, to advertise for and receive  
11 bids and, as permitted by this act, to make awards for the  
12 contracting unit in connection with purchases, contracts or  
13 agreements.
- 14 (4) "Purchase" means a transaction, for a valuable consideration,  
15 creating or acquiring an interest in goods, services and property,  
16 except real property or any interest therein.
- 17 (5) (Deleted by amendment, P.L.1999, c.440.)
- 18 (6) "Professional services" means services rendered or  
19 performed by a person authorized by law to practice a recognized  
20 profession, whose practice is regulated by law, and the performance  
21 of which services requires knowledge of an advanced type in a field  
22 of learning acquired by a prolonged formal course of specialized  
23 instruction and study as distinguished from general academic  
24 instruction or apprenticeship and training. Professional services  
25 may also mean services rendered in the provision or performance of  
26 goods or services that are original and creative in character in a  
27 recognized field of artistic endeavor.
- 28 (7) "Extraordinary unspecifiable services" means services which  
29 are specialized and qualitative in nature requiring expertise,  
30 extensive training and proven reputation in the field of endeavor.
- 31 (8) (Deleted by amendment, P.L.1999, c.440.)
- 32 (9) "Work" includes services and any other activity of a tangible  
33 or intangible nature performed or assumed pursuant to a contract or  
34 agreement with a contracting unit.
- 35 (10) "Homemaker--home health services" means at home  
36 personal care and home management provided to an individual or  
37 members of the individual's family who reside with the individual,  
38 or both, necessitated by the individual's illness or incapacity.  
39 "Homemaker--home health services" includes, but is not limited to,  
40 the services of a trained homemaker.
- 41 (11) "Recyclable material" means those materials which would  
42 otherwise become municipal solid waste, and which may be  
43 collected, separated or processed and returned to the economic  
44 mainstream in the form of raw materials or products.
- 45 (12) "Recycling" means any process by which materials which  
46 would otherwise become solid waste are collected, separated or  
47 processed and returned to the economic mainstream in the form of  
48 raw materials or products.

1 (13) "Marketing" means the sale, disposition, assignment, or  
2 placement of designated recyclable materials with, or the granting  
3 of a concession to, a reseller, processor, materials recovery facility,  
4 or end-user of recyclable material, in accordance with a district  
5 solid waste management plan adopted pursuant to P.L.1970, c.39  
6 (C.13:1E-1 et seq.) and shall not include the collection of such  
7 recyclable material when collected through a system of routes by  
8 local government unit employees or under a contract administered  
9 by a local government unit.

10 (14) "Municipal solid waste" means, as appropriate to the  
11 circumstances, all residential, commercial and institutional solid  
12 waste generated within the boundaries of a municipality; or the  
13 formal collection of such solid wastes or recyclable material in any  
14 combination thereof when collected through a system of routes by  
15 local government unit employees or under a contract administered  
16 by a local government unit.

17 (15) "Distribution" (when used in relation to electricity) means  
18 the process of conveying electricity from a contracting unit that is a  
19 generator of electricity or a wholesale purchaser of electricity to  
20 retail customers or other end users of electricity.

21 (16) "Transmission" (when used in relation to electricity) means  
22 the conveyance of electricity from its point of generation to a  
23 contracting unit that purchases it on a wholesale basis for resale.

24 (17) "Disposition" means the transportation, placement, reuse,  
25 sale, donation, transfer or temporary storage of recyclable materials  
26 for all possible uses except for disposal as municipal solid waste.

27 (18) "Cooperative marketing" means the joint marketing by two  
28 or more contracting units of the source separated recyclable  
29 materials designated in a district recycling plan required pursuant to  
30 section 3 of P.L.1987, c.102 (C.13:1E-99.13) pursuant to a written  
31 cooperative agreement entered into by the participating contracting  
32 units thereof.

33 (19) "Aggregate" means the sums expended or to be expended  
34 for the provision or performance of any goods or services in  
35 connection with the same immediate purpose or task, or the  
36 furnishing of similar goods or services, during the same contract  
37 year through a contract awarded by a contracting agent.

38 (20) "Bid threshold" means the dollar amount set in section 3 of  
39 P.L.1971, c.198 (C.40A:11-3), above which a contracting unit shall  
40 advertise for and receive sealed bids in accordance with procedures  
41 set forth in P.L.1999, c.440 (C.40A:11-4.1 et al.).

42 (21) "Contract" means any agreement, including but not limited  
43 to a purchase order or a formal agreement, which is a legally  
44 binding relationship enforceable by law, between a vendor who  
45 agrees to provide or perform goods or services and a contracting  
46 unit which agrees to compensate a vendor, as defined by and subject  
47 to the terms and conditions of the agreement. A contract also may  
48 include an arrangement whereby a vendor compensates a

1 contracting unit for the vendor's right to perform a service, such as,  
2 but not limited to, operating a concession.

3 (22) "Contract year" means the period of 12 consecutive months  
4 following the award of a contract.

5 (23) "Competitive contracting" means the method described in  
6 sections 1 through 5 of P.L.1999, c.440 (C.40A:11-4.1 thru 40A:11-  
7 4.5) of contracting for specialized goods and services in which  
8 formal proposals are solicited from vendors; formal proposals are  
9 evaluated by the purchasing agent or counsel or administrator; and  
10 the governing body awards a contract to a vendor or vendors from  
11 among the formal proposals received.

12 (24) "Goods and services" or "goods or services" means any  
13 work, labor, commodities, equipment, materials, or supplies of any  
14 tangible or intangible nature, except real property or any interest  
15 therein, provided or performed through a contract awarded by a  
16 contracting agent, including goods and property subject to  
17 N.J.S.12A:2-101 et seq.

18 (25) "Library and educational goods and services" means  
19 textbooks, copyrighted materials, student produced publications and  
20 services incidental thereto, including but not limited to books,  
21 periodicals, newspapers, documents, pamphlets, photographs,  
22 reproductions, microfilms, pictorial or graphic works, musical  
23 scores, maps, charts, globes, sound recordings, slides, films,  
24 filmstrips, video and magnetic tapes, other printed or published  
25 matter and audiovisual and other materials of a similar nature,  
26 necessary binding or rebinding of library materials, and specialized  
27 computer software used as a supplement or in lieu of textbooks or  
28 reference material.

29 (26) "Lowest price" means the least possible amount that meets  
30 all requirements of the request of a contracting agent.

31 (27) "Lowest responsible bidder or vendor" means the bidder or  
32 vendor: (a) whose response to a request for bids offers the lowest  
33 price and is responsive; and (b) who is responsible.

34 (28) "Official newspaper" means any newspaper designated by  
35 the contracting unit pursuant to R.S.35:1-1 et seq.

36 (29) "Purchase order" means a document issued by the  
37 contracting agent authorizing a purchase transaction with a vendor  
38 to provide or perform goods or services to the contracting unit,  
39 which, when fulfilled in accordance with the terms and conditions  
40 of a request of a contracting agent and other provisions and  
41 procedures that may be established by the contracting unit, will  
42 result in payment by the contracting unit.

43 (30) "Purchasing agent" means the individual duly assigned the  
44 authority, responsibility, and accountability for the purchasing  
45 activity of the contracting unit, and who has such duties as are  
46 defined by an authority appropriate to the form and structure of the  
47 contracting unit, pursuant to P.L.1971, c.198 (C.40A:11-1 et seq.)  
48 and who possesses a qualified purchasing agent certificate.

1 (31) "Quotation" means the response to a formal or informal  
2 request made by a contracting agent by a vendor for provision or  
3 performance of goods or services, when the aggregate cost is less  
4 than the bid threshold. Quotations may be in writing, or taken  
5 verbally if a record is kept by the contracting agent.

6 (32) "Responsible" means able to complete the contract in  
7 accordance with its requirements, including but not limited to  
8 requirements pertaining to experience, moral integrity, operating  
9 capacity, financial capacity, credit, and workforce, equipment, and  
10 facilities availability.

11 (33) "Responsive" means conforming in all material respects to  
12 the terms and conditions, specifications, legal requirements, and  
13 other provisions of the request.

14 (34) "Public works" means building, altering, repairing,  
15 improving or demolishing any public structure or facility  
16 constructed or acquired by a contracting unit to house local  
17 government functions or provide water, waste disposal, power,  
18 transportation, and other public infrastructures.

19 (35) "Director" means the Director of the Division of Local  
20 Government Services in the Department of Community Affairs.

21 (36) "Administrator" means a municipal administrator appointed  
22 pursuant to N.J.S.40A:9-136 and N.J.S.40A:9-137; a business  
23 administrator, a municipal manager or a municipal administrator  
24 appointed pursuant to the "Optional Municipal Charter Law,"  
25 P.L.1950, c.210 (C.40:69A-1 et seq.); a municipal manager  
26 appointed pursuant to "the municipal manager form of government  
27 law," R.S.40:79-1 et seq.; or the person holding responsibility for  
28 the overall operations of an authority that falls under the "Local  
29 Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et  
30 seq.).

31 (37) "Concession" means the granting of a license or right to act  
32 for or on behalf of the contracting unit, or to provide a service  
33 requiring the approval or endorsement of the contracting unit, and  
34 which may or may not involve a payment or exchange, or provision  
35 of services by or to the contracting unit.

36 (38) "Index rate" means the rate of annual percentage increase,  
37 rounded to the nearest half-percent, in the Implicit Price Deflator  
38 for State and Local Government Purchases of Goods and Services,  
39 computed and published quarterly by the United States Department  
40 of Commerce, Bureau of Economic Analysis.

41 (39) "Proprietary" means goods or services of a specialized  
42 nature, that may be made or marketed by a person or persons having  
43 the exclusive right to make or sell them, when the need for such  
44 goods or services has been certified in writing by the governing  
45 body of the contracting unit to be necessary for the conduct of its  
46 affairs.

47 (40) "Service or services" means the performance of work, or the  
48 furnishing of labor, time, or effort, or any combination thereof, not

1 involving or connected to the delivery or ownership of a specified  
2 end product or goods or a manufacturing process. Service or  
3 services may also include an arrangement in which a vendor  
4 compensates the contracting unit for the vendor's right to operate a  
5 concession.

6 (41) "Qualified purchasing agent certificate" means a certificate  
7 granted by the director pursuant to section 9 of P.L.1971, c.198  
8 (C.40A:11-9).

9 (42) "Mistake" means, for a public works project, a clerical error  
10 that is an unintentional and substantial computational error or an  
11 unintentional omission of a substantial quantity of labor, material,  
12 or both, from the final bid computation.

13 (cf: P.L.2013, c.4, s.2)

14

15 9. Section 1 of P.L.1999, c.440 (C.40A:11-4.1) is amended to  
16 read as follows:

17 1. Notwithstanding the provisions of any law, rule or regulation  
18 to the contrary, competitive contracting may be used by local  
19 contracting units in lieu of public bidding for procurement of  
20 specialized goods and services the price of which exceeds the bid  
21 threshold, for the following purposes:

22 a. The purchase or licensing of proprietary computer software  
23 designed for contracting unit purposes, which may include  
24 hardware intended for use with the proprietary software. This  
25 subsection shall not be utilized for the purpose of acquiring general  
26 purpose computer hardware or software;

27 b. The hiring of a for-profit entity or a not-for-profit entity  
28 incorporated under Title 15A of the New Jersey Statutes for the  
29 purpose of:

30 (1) the operation and management of a wastewater treatment  
31 system or a water supply or distribution facility of the type  
32 described in subsection (37) of section 15 of P.L.1971, c.198  
33 (C.40A:11-15), provided that competitive contracting shall not be  
34 used as a means of awarding contracts pursuant to P.L.1985, c.37  
35 (C.58:26-1 et al.) and P.L.1985, c.72 (C.58:27-1 et al.);

36 (2) the operation, management or administration of recreation or  
37 social service facilities or programs, which shall not include the  
38 administration of benefits under the Work First New Jersey  
39 program established pursuant to P.L.1997, c.38 (C.44:10-55 et  
40 seq.), or under General Assistance; **[or]**

41 (3) the operation, management or administration of data  
42 processing services; or

43 (4) the operation and management of a 'county' hospital  
44 '[owned by a county or a county authority]' pursuant to the "Local  
45 Hospital Authority Law," P.L.2006, c.46 (C.30:9-23.15 e al.);

46 c. (Deleted by amendment, P.L.2009, c.4).

47 d. Homemaker--home health services;

48 e. Laboratory testing services;

- 1 f. Emergency medical services;
- 2 g. Contracted food services;
- 3 h. Performance of patient care services by contracted medical  
4 staff at county hospitals, correctional facilities and long-term care  
5 facilities;
- 6 i. At the option of the governing body of the contracting unit,  
7 any good or service that is exempt from bidding pursuant to section  
8 5 of P.L.1971, c.198 (C.40A:11-5);
- 9 j. Concessions;
- 10 k. The operation, management or administration of other  
11 services, with the approval of the Director of the Division of Local  
12 Government Services;
- 13 l. Maintenance, custodial, and groundskeeping services;
- 14 m. Consulting services;
- 15 n. Emergency medical billing services;
- 16 o. Property appraisal services;
- 17 p. Reassessment or revaluation services;
- 18 q. Grant writing services;
- 19 r. Animal control services.

20 Any purpose included herein shall not be considered by a  
21 contracting unit as an extraordinary unspecifiable service pursuant  
22 to subparagraph (ii) of paragraph (a) of subsection (1) of section 5  
23 of P.L.1971, c.198 (C.40A:11-5).

24 (cf: P.L.2015, c.95, s.25)

25

26 10. Section 15 of P.L.1971, c.198 (C.40A:11-15) is amended to  
27 read as follows:

28 15. All contracts for the provision or performance of goods or  
29 services shall be awarded for a period not to exceed 24 consecutive  
30 months, except that contracts for professional services pursuant to  
31 subparagraph (i) of paragraph (a) of subsection (1) of section 5 of  
32 P.L.1971, c.198 (C.40A:11-5) shall be awarded for a period not to  
33 exceed 12 consecutive months. Contracts may be awarded for  
34 longer periods of time as follows:

35 (1) Supplying of:

36 (a) (Deleted by amendment, P.L.1996, c.113.)

37 (b) (Deleted by amendment, P.L.1996, c.113.)

38 (c) Thermal energy produced by a cogeneration facility, for use  
39 for heating or air conditioning or both, for any term not exceeding  
40 40 years, when the contract is approved by the Board of Public  
41 Utilities. For the purposes of this paragraph, "cogeneration" means  
42 the simultaneous production in one facility of electric power and  
43 other forms of useful energy such as heating or process steam;

44 (2) (Deleted by amendment, P.L.1977, c.53.)

45 (3) The collection and disposal of municipal solid waste, the  
46 collection and disposition of recyclable material, or the disposal of  
47 sewage sludge, for any term not exceeding in the aggregate, five  
48 years;

1 (4) The collection and recycling of methane gas from a sanitary  
2 landfill facility, for any term not exceeding 25 years, when the  
3 contract is in conformance with a district solid waste management  
4 plan approved pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.), and  
5 with the approval of the Division of Local Government Services in  
6 the Department of Community Affairs and the Department of  
7 Environmental Protection. The contracting unit shall award the  
8 contract to the highest responsible bidder, notwithstanding that the  
9 contract price may be in excess of the amount of any necessarily  
10 related administrative expenses; except that if the contract requires  
11 the contracting unit to expend funds only, the contracting unit shall  
12 award the contract to the lowest responsible bidder. The approval  
13 by the Division of Local Government Services of public bidding  
14 requirements shall not be required for those contracts exempted  
15 therefrom pursuant to section 5 of P.L.1971, c.198 (C.40A:11-5);

16 (5) Data processing service, for any term of not more than seven  
17 years;

18 (6) Insurance, including the purchase of insurance coverages,  
19 insurance consulting or administrative services, claims  
20 administration services and including participation in a joint self-  
21 insurance fund, risk management program or related services  
22 provided by a contracting unit insurance group, or participation in  
23 an insurance fund established by a local unit pursuant to  
24 N.J.S.40A:10-6, or a joint insurance fund established pursuant to  
25 P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of not more  
26 than three years;

27 (7) Leasing or servicing of (a) automobiles, motor vehicles,  
28 machinery, and equipment of every nature and kind, for a period not  
29 to exceed five years, or (b) machinery and equipment used in the  
30 generation of electricity by a municipal shared services energy  
31 authority established pursuant to section 4 of P.L.2015, c.129  
32 (C.40A:66-4), or a contracting unit engaged in the generation of  
33 electricity, for a period not to exceed 20 years; provided, however, a  
34 contract shall be awarded only subject to and in accordance with the  
35 rules and regulations promulgated by the Director of the Division of  
36 Local Government Services in the Department of Community  
37 Affairs;

38 (8) The supplying of any product or the rendering of any service  
39 by a company providing voice, data, transmission, or switching  
40 services for a term not exceeding five years;

41 (9) Any single project for the construction, reconstruction, or  
42 rehabilitation of any public building, structure, or facility, or any  
43 public works project, including the retention of the services of any  
44 architect or engineer in connection therewith, for the length of time  
45 authorized and necessary for the completion of the actual  
46 construction;

47 (10) The providing of food services for any term not exceeding  
48 three years;



- 1 (11) On-site inspections and plan review services undertaken by  
2 private agencies pursuant to the "State Uniform Construction Code  
3 Act," P.L.1975, c.217 (C.52:27D-119 et seq.) for any term of not  
4 more than three years;
- 5 (12) (Deleted by amendment, P.L.2009, c.4).
- 6 (13) (Deleted by amendment, P.L.1999, c.440.)
- 7 (14) (Deleted by amendment, P.L.1999, c.440.)
- 8 (15) Leasing of motor vehicles, machinery, and other equipment  
9 primarily used to fight fires, for a term not to exceed ten years,  
10 when the contract includes an option to purchase, subject to and in  
11 accordance with rules and regulations promulgated by the Director  
12 of the Division of Local Government Services in the Department of  
13 Community Affairs;
- 14 (16) The provision of water supply services or the designing,  
15 financing, construction, operation, or maintenance, or any  
16 combination thereof, of a water supply facility, or any component  
17 part or parts thereof, including a water filtration system, for a period  
18 not to exceed 40 years, when the contract for these services is  
19 approved by the Division of Local Government Services in the  
20 Department of Community Affairs, the Board of Public Utilities,  
21 and the Department of Environmental Protection pursuant to  
22 P.L.1985, c.37 (C.58:26-1 et al.), except that no approvals shall be  
23 required for those contracts otherwise exempted pursuant to  
24 subsection (30), (31), (34), (35) or (43) of this section. For the  
25 purposes of this subsection, "water supply services" means any  
26 service provided by a water supply facility; "water filtration  
27 system" means any equipment, plants, structures, machinery,  
28 apparatus, or land, or any combination thereof, acquired, used,  
29 constructed, rehabilitated, or operated for the collection,  
30 impoundment, storage, improvement, filtration, or other treatment  
31 of drinking water for the purposes of purifying and enhancing water  
32 quality and insuring its potability prior to the distribution of the  
33 drinking water to the general public for human consumption,  
34 including plants and works, and other personal property and  
35 appurtenances necessary for their use or operation; and "water  
36 supply facility" means and refers to the real property and the plants,  
37 structures, or interconnections between existing water supply  
38 facilities, machinery and equipment and other property, real,  
39 personal, and mixed, acquired, constructed, or operated, or to be  
40 acquired, constructed, or operated, in whole or in part by or on  
41 behalf of a political subdivision of the State or any agency thereof,  
42 for the purpose of augmenting the natural water resources of the  
43 State and making available an increased supply of water for all  
44 uses, or of conserving existing water resources, and any and all  
45 appurtenances necessary, useful, or convenient for the collecting,  
46 impounding, storing, improving, treating, filtering, conserving, or  
47 transmitting of water and for the preservation and protection of

1 these resources and facilities and providing for the conservation and  
2 development of future water supply resources;

3 (17) The provision of resource recovery services by a qualified  
4 vendor, the disposal of the solid waste delivered for disposal which  
5 cannot be processed by a resource recovery facility or the residual  
6 ash generated at a resource recovery facility, including hazardous  
7 waste and recovered metals and other materials for reuse, or the  
8 design, financing, construction, operation, or maintenance of a  
9 resource recovery facility for a period not to exceed 40 years when  
10 the contract is approved by the Division of Local Government  
11 Services in the Department of Community Affairs, and the  
12 Department of Environmental Protection pursuant to P.L.1985, c.38  
13 (C.13:1E-136 et al.); and when the resource recovery facility is in  
14 conformance with a district solid waste management plan approved  
15 pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.). For the purposes of  
16 this subsection, "resource recovery facility" means a solid waste  
17 facility constructed and operated for the incineration of solid waste  
18 for energy production and the recovery of metals and other  
19 materials for reuse; or a mechanized composting facility, or any  
20 other facility constructed or operated for the collection, separation,  
21 recycling, and recovery of metals, glass, paper, and other materials  
22 for reuse or for energy production; and "residual ash" means the  
23 bottom ash, fly ash, or any combination thereof, resulting from the  
24 combustion of solid waste at a resource recovery facility;

25 (18) The sale of electricity or thermal energy, or both, produced  
26 by a resource recovery facility for a period not to exceed 40 years  
27 when the contract is approved by the Board of Public Utilities, and  
28 when the resource recovery facility is in conformance with a district  
29 solid waste management plan approved pursuant to P.L.1970, c.39  
30 (C.13:1E-1 et seq.). For the purposes of this subsection, "resource  
31 recovery facility" means a solid waste facility constructed and  
32 operated for the incineration of solid waste for energy production  
33 and the recovery of metals and other materials for reuse; or a  
34 mechanized composting facility, or any other facility constructed or  
35 operated for the collection, separation, recycling, and recovery of  
36 metals, glass, paper, and other materials for reuse or for energy  
37 production;

38 (19) The provision of wastewater treatment services or the  
39 designing, financing, construction, operation, or maintenance, or  
40 any combination thereof, of a wastewater treatment system, or any  
41 component part or parts thereof, for a period not to exceed 40 years,  
42 when the contract for these services is approved by the Division of  
43 Local Government Services in the Department of Community  
44 Affairs and the Department of Environmental Protection pursuant to  
45 P.L.1985, c.72 (C.58:27-1 et al.), except that no approvals shall be  
46 required for those contracts otherwise exempted pursuant to  
47 subsection (36) or (43) of this section. For the purposes of this  
48 subsection, "wastewater treatment services" means any services

1 provided by a wastewater treatment system, and "wastewater  
2 treatment system" means equipment, plants, structures, machinery,  
3 apparatus, or land, or any combination thereof, acquired, used,  
4 constructed, or operated for the storage, collection, reduction,  
5 recycling, reclamation, disposal, separation, or other treatment of  
6 wastewater or sewage sludge, or for the final disposal of residues  
7 resulting from the treatment of wastewater, including, but not  
8 limited to, pumping and ventilating stations, facilities, plants and  
9 works, connections, outfall sewers, interceptors, trunk lines, and  
10 other personal property and appurtenances necessary for their  
11 operation;

12 (20) The supplying of goods or services for the purpose of  
13 lighting public streets, for a term not to exceed five years;

14 (21) The provision of emergency medical services for a term not  
15 to exceed five years;

16 (22) Towing and storage contracts, awarded pursuant to  
17 paragraph u. of subsection (1) of section 5 of P.L.1971, c.198  
18 (C.40A:11-5) for any term not exceeding three years;

19 (23) Fuel for the purpose of generating electricity for a term not  
20 to exceed eight years;

21 (24) The purchase of electricity or administrative or dispatching  
22 services related to the transmission of electricity, from a supplier of  
23 electricity subject to the jurisdiction of a federal regulatory agency,  
24 from a qualifying small power producing facility or qualifying  
25 cogeneration facility, as defined by 16 U.S.C. s.796, or from any  
26 supplier of electricity within any regional transmission organization  
27 or independent system operator or from an organization or operator  
28 or their successors, by a contracting unit engaged in the generation  
29 of electricity for retail sale, as of May 24, 1991, for a term not to  
30 exceed 40 years, or by a contracting unit engaged solely in the  
31 distribution of electricity for retail sale for a term not to exceed ten  
32 years, except that a contract with a contracting unit, engaged solely  
33 in the distribution of electricity for retail sale, in excess of ten  
34 years, shall require the written approval of the Director of the  
35 Division of Local Government Services. If the director fails to  
36 respond in writing to the contracting unit within 10 business days,  
37 the contract shall be deemed approved;

38 (25) Basic life support services, for a period not to exceed five  
39 years. For the purposes of this subsection, "basic life support"  
40 means a basic level of prehospital care, which includes but need not  
41 be limited to patient stabilization, airway clearance,  
42 cardiopulmonary resuscitation, hemorrhage control, initial wound  
43 care, and fracture stabilization;

44 (26) (Deleted by amendment, P.L.1999, c.440.)

45 (27) The provision of transportation services to an elderly  
46 person, an individual with a disability, or an indigent person for any  
47 term of not more than three years. For the purposes of this  
48 subsection, "elderly person " means a person who is 60 years of age

1 or older. "Individual with a disability" means a person of any age  
2 who, by reason of illness, injury, age, congenital malfunction, or  
3 other permanent or temporary incapacity or disability, are unable,  
4 without special facilities or special planning or design to utilize  
5 mass transportation facilities and services as effectively as persons  
6 who are not so affected. "Indigent person " means a person of any  
7 age whose income does not exceed 100 percent of the poverty level,  
8 adjusted for family size, established and adjusted under section  
9 673(2) of subtitle B, the "Community Services Block Grant Act,"  
10 Pub.L.97-35 (42 U.S.C. s.9902 (2));

11 (28) The supplying of liquid oxygen or other chemicals, for a  
12 term not to exceed five years, when the contract includes the  
13 installation of tanks or other storage facilities by the supplier, on or  
14 near the premises of the contracting unit;

15 (29) The performance of patient care services by contracted  
16 medical staff at county hospitals, correction facilities, and long term  
17 care facilities, for any term of not more than three years;

18 (30) The acquisition of an equitable interest in a water supply  
19 facility pursuant to section 2 of P.L.1993, c.381 (C.58:28-2), or a  
20 contract entered into pursuant to the "County and Municipal Water  
21 Supply Act," N.J.S.40A:31-1 et seq., if the contract is entered into  
22 no later than January 7, 1995, for any term of not more than forty  
23 years;

24 (31) The provision of water supply services or the financing,  
25 construction, operation, or maintenance or any combination thereof,  
26 of a water supply facility or any component part or parts thereof, by  
27 a partnership or copartnership established pursuant to a contract  
28 authorized under section 2 of P.L.1993, c.381 (C.58:28-2), for a  
29 period not to exceed 40 years;

30 (32) Laundry service and the rental, supply, and cleaning of  
31 uniforms for any term of not more than three years;

32 (33) The supplying of any product or the rendering of any  
33 service, including consulting services, by a cemetery management  
34 company for the maintenance and preservation of a municipal  
35 cemetery operating pursuant to the "New Jersey Cemetery Act,"  
36 N.J.S.8A:1-1 et seq., for a term not exceeding 15 years;

37 (34) A contract between a public entity and a private firm  
38 pursuant to P.L.1995, c.101 (C.58:26-19 et al.) for the provision of  
39 water supply services may be entered into for any term which, when  
40 all optional extension periods are added, may not exceed 40 years;

41 (35) A contract for the purchase of a supply of water from a  
42 public utility company subject to the jurisdiction of the Board of  
43 Public Utilities in accordance with tariffs and schedules of charges  
44 made, charged or exacted or contracts filed with the Board of Public  
45 Utilities, for any term of not more than 40 years;

46 (36) A contract between a public entity and a private firm or  
47 public authority pursuant to P.L.1995, c.216 (C.58:27-19 et al.) for  
48 the provision of wastewater treatment services may be entered into

1 for any term of not more than 40 years, including all optional  
2 extension periods;

3 (37) The operation and management of a facility under a license  
4 issued or permit approved by the Department of Environmental  
5 Protection, including a wastewater treatment system or a water  
6 supply or distribution facility, as the case may be, for any term of  
7 not more than ten years. For the purposes of this subsection,  
8 "wastewater treatment system" refers to facilities operated or  
9 maintained for the storage, collection, reduction, disposal, or other  
10 treatment of wastewater or sewage sludge, remediation of  
11 groundwater contamination, stormwater runoff, or the final disposal  
12 of residues resulting from the treatment of wastewater; and "water  
13 supply or distribution facility" refers to facilities operated or  
14 maintained for augmenting the natural water resources of the State,  
15 increasing the supply of water, conserving existing water resources,  
16 or distributing water to users;

17 (38) Municipal solid waste collection from facilities owned by a  
18 contracting unit, for any term of not more than three years;

19 (39) Fuel for heating purposes, for any term of not more than  
20 three years;

21 (40) Fuel or oil for use in motor vehicles for any term of not  
22 more than three years;

23 (41) Plowing and removal of snow and ice for any term of not  
24 more than three years;

25 (42) Purchases made under a contract awarded by the Director of  
26 the Division of Purchase and Property in the Department of the  
27 Treasury for use by counties, municipalities, or other contracting  
28 units pursuant to section 3 of P.L.1969, c.104 (C.52:25-16.1), for a  
29 term not to exceed the term of that contract;

30 (43) A contract between the governing body of a city of the first  
31 class and a duly incorporated nonprofit association for the provision  
32 of water supply services as defined in subsection (16) of this  
33 section, or wastewater treatment services as defined in subsection  
34 (19) of this section, may be entered into for a period not to exceed  
35 40 years;

36 (44) The purchase of electricity generated through class I  
37 renewable energy or from a power production facility that is fueled  
38 by methane gas extracted from a landfill in the county of the  
39 contacting unit for any term not exceeding 25 years;

40 (45) The provision or performance of goods or services for the  
41 purpose of producing class I renewable energy or class II renewable  
42 energy, as those terms are defined in section 3 of P.L.1999, c.23  
43 (C.48:3-51), at, or adjacent to, buildings owned by, or operations  
44 conducted by, the contracting unit, the entire price of which is to be  
45 established as a percentage of the resultant savings in energy costs,  
46 for a term not to exceed 15 years; provided, however, that a contract  
47 shall be entered into only subject to and in accordance with  
48 guidelines promulgated by the Board of Public Utilities establishing

1 a methodology for computing energy cost savings and energy  
2 generation costs; **[and]**

3 (46) A power supply contract, as defined pursuant to section 3 of  
4 P.L.2015, c.129 (C.40A:66-3), between a member municipality as  
5 defined pursuant to section 3 of P.L.2015, c.129 (C.40A:66-3), and  
6 the municipal shared services energy authority established pursuant  
7 to the provisions of P.L.2015, c.129 (C.40A:66-1 et al.) to meet the  
8 electric power needs of its members, for the lease, operation, or  
9 management of electric generation within a member municipality's  
10 corporate limits and franchise area or the purchase of electricity, or  
11 the purchase of fuel for generating units for a term not to exceed 40  
12 years; and

13 (47) A contract entered into pursuant to paragraph (2) of  
14 subsection a. of section 6 of P.L.2006, c.46 (C.30:9-23.20) between  
15 a county hospital authority and a manager for the management,  
16 operation, and maintenance of a hospital owned by the authority or  
17 the county for a term not to exceed 20 years, provided, however,  
18 that a contract entered into pursuant to paragraph (2) of subsection  
19 a. of section 6 of P.L.2006, c.46 (C.30:9-23.20) may be renewed for  
20 two additional periods, not to exceed five years each.

21 Any contract for services other than professional services, the  
22 statutory length of which contract is for three years or less, may  
23 include provisions for no more than one two-year, or two one-year,  
24 extensions, subject to the following limitations: a. The contract  
25 shall be awarded by resolution of the governing body upon a  
26 finding by the governing body that the services are being performed  
27 in an effective and efficient manner; b. No contract shall be  
28 extended so that it runs for more than a total of five consecutive  
29 years; c. Any price change included as part of an extension shall be  
30 based upon the price of the original contract as cumulatively  
31 adjusted pursuant to any previous adjustment or extension and shall  
32 not exceed the change in the index rate for the 12 months preceding  
33 the most recent quarterly calculation available at the time the  
34 contract is renewed; and d. The terms and conditions of the contract  
35 remain substantially the same.

36 All multiyear leases and contracts entered into pursuant to this  
37 section, including any two-year or one-year extensions, except  
38 contracts involving the supplying of electricity for the purpose of  
39 lighting public streets and contracts for thermal energy authorized  
40 pursuant to subsection (1) above, construction contracts authorized  
41 pursuant to subsection (9) above, contracts for the provision or  
42 performance of goods or services or the supplying of equipment to  
43 promote energy conservation through the production of class I  
44 renewable energy or class II renewable energy authorized pursuant  
45 to subsection (45) above, contracts for water supply services or for  
46 a water supply facility, or any component part or parts thereof  
47 authorized pursuant to subsection (16), (30), (31), (34), (35), (37),  
48 or (43) above, contracts for resource recovery services or a resource

1 recovery facility authorized pursuant to subsection (17) above,  
2 contracts for the sale of energy produced by a resource recovery  
3 facility authorized pursuant to subsection (18) above, contracts for  
4 wastewater treatment services or for a wastewater treatment system  
5 or any component part or parts thereof authorized pursuant to  
6 subsection (19), (36), (37), or (43) above, and contracts for the  
7 purchase of electricity or administrative or dispatching services  
8 related to the transmission of electricity authorized pursuant to  
9 subsection (24) above, contracts for the purchase of electricity  
10 generated from a power production facility that is fueled by  
11 methane gas authorized pursuant to subsection (44) above, and  
12 power supply contracts authorized pursuant to subsection (46)  
13 respectively, shall contain a clause making them subject to the  
14 availability and appropriation annually of sufficient funds as may  
15 be required to meet the extended obligation, or contain an annual  
16 cancellation clause.

17 The Division of Local Government Services in the Department  
18 of Community Affairs shall adopt and promulgate rules and  
19 regulations concerning the methods of accounting for all contracts  
20 that do not coincide with the fiscal year.

21 All contracts shall cease to have effect at the end of the  
22 contracted period and shall not be extended by any mechanism or  
23 provision, unless in conformance with the "Local Public Contracts  
24 Law," P.L.1971, c.198 (C.40A:11-1 et seq.), except that a contract  
25 may be extended by mutual agreement of the parties to the contract  
26 when a contracting unit has commenced rebidding prior to the time  
27 the contract expires or when the awarding of a contract is pending  
28 at the time the contract expires.

29 (cf: P.L.2015, c.129, s.29)

30

31 11. This act shall take effect immediately.

32

33

34

35

36 Authorizes certain county to establish county hospital authority;  
37 amends title of "Municipal Hospital Authority Law."

# SENATE, No. 2361

## STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED JUNE 16, 2016

**Sponsored by:**

**Senator LORETTA WEINBERG**

**District 37 (Bergen)**

**Senator PAUL A. SARLO**

**District 36 (Bergen and Passaic)**

**Senator ROBERT M. GORDON**

**District 38 (Bergen and Passaic)**

**Assemblywoman VALERIE VAINIERI HUTTLE**

**District 37 (Bergen)**

**Assemblyman JOSEPH A. LAGANA**

**District 38 (Bergen and Passaic)**

**Assemblyman TIM EUSTACE**

**District 38 (Bergen and Passaic)**

**Assemblywoman MARLENE CARIDE**

**District 36 (Bergen and Passaic)**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**Assemblywoman HOLLY SCHEPISI**

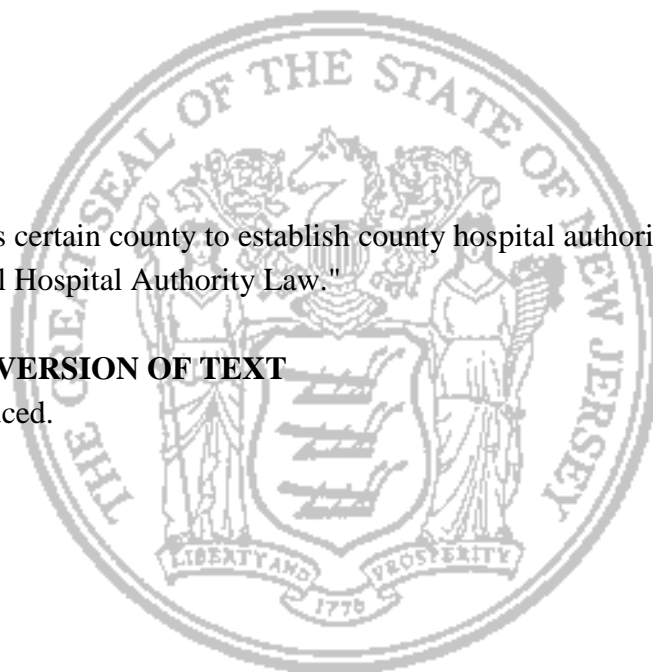
**District 39 (Bergen and Passaic)**

**SYNOPSIS**

Authorizes certain county to establish county hospital authority; amends title of "Municipal Hospital Authority Law."

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 6/28/2016)



S2361 WEINBERG, SARLO

2

1 AN ACT authorizing the establishment of county hospital  
2 authorities, amending and supplementing P.L.2006, c.46, and  
3 amending P.L.1971, c.198 and P.L.1999, c.440.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 1 of P.L.2006, c.46 (C.30:9-23.15) is amended to  
9 read as follows:

10 1. Sections 1 through 9 of **[this act]** P.L.2006, c.46 (C.30:9-  
11 23.15 et al.), and section 7 of P.L. , c. (C. ) (pending before  
12 the Legislature as this bill) shall be known and may be cited as the  
13 "**[Municipal]** Local Hospital Authority Law."  
14 (cf; P.L.2006, c.46, s.1)

15  
16 2. Section 3 of P.L.2006, c.46 (C.30:9-23.17) is amended to  
17 read as follows:

18 3. For the purposes of this act:

19 "Acquisition" means the receiving, by purchase, gift, or  
20 otherwise, of all or any part of the assets and liabilities of a hospital  
21 located within a city through a contract or other agreement  
22 requiring at least \$12 million in working capital contributions from  
23 either the prior owner thereof or another nongovernmental source,  
24 as certified by the Local Finance Board in the Department of  
25 Community Affairs.

26 "Authority" or "local hospital authority" means a municipal  
27 hospital authority or a county hospital authority created pursuant to  
28 section 4 of **[this act]** P.L.2006, c.46 (C.30:9-23.18).

29 "Bonds" means bonds issued by **[the]** an authority pursuant to  
30 **[this act]** P.L.2006, c.46 (C.30:9-23.15 et al.).

31 "Chief executive officer of the county" means the county  
32 executive or the president of the board of chosen freeholders, as  
33 appropriate to the form of government of a county.

34 "City" means a city that is classified for legislative purposes  
35 pursuant to N.J.S.40A:6-4 and which adopts an ordinance creating a  
36 municipal hospital authority pursuant to **[this act]** P.L.2006, c.46  
37 (C.30:9-23.15 et al.).

38 "County" means a county that, by ordinance or resolution, as  
39 appropriate, creates a county hospital authority pursuant to section 4  
40 of P.L.2006, c.46 (C.30:9-23.18).

41 "County hospital" means a hospital that is owned by a county or  
42 by a county hospital authority, which hospital makes available at  
43 least 800 beds for long term care, acute care, or behavioral health  
44 care patients, or any combination thereof.

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 "Governing body" means a governing body as defined in the  
2 "Local Fiscal Affairs Law," N.J.S.40A:5-1 et seq.

3 "Hospital" means an institution licensed and classified as a  
4 general hospital by the Commissioner of Health and Senior Services  
5 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.) and N.J.A.C.8:43G-  
6 1 et seq., notwithstanding that the general hospital also may be  
7 licensed to provide inpatient psychiatric or comprehensive  
8 rehabilitation hospital services, or other related services.

9 "Local Finance Board" means the Local Finance Board in the  
10 Division of Local Government Services in the Department of  
11 Community Affairs.

12 "Manager" means the **【nonprofit】** management entity or entities  
13 hired by an authority to manage and operate a hospital, or any  
14 portion of a hospital **【, owned by that authority】**.

15 "Notes" means notes issued by the authority pursuant to **【this**  
16 **act】** P.L.2006, c.46 (C.30:9-23.15 et al.).

17 **【"Project"】** "Operate and maintain" means **【the acquisition, by**  
18 **purchase, gift or otherwise, of all or any part of the assets and**  
19 **liabilities of a hospital located within a city through a contract or**  
20 **other agreement requiring at least \$12 million in working capital**  
21 **contributions from either the prior owner thereof or another**  
22 **nongovernmental source, as certified by the Local Finance Board in**  
23 **the Department of Community Affairs;】** overseeing the  
24 management and operation of **【that】** a hospital, or managing and  
25 operating a hospital; 【and the costs of any】 overseeing capital  
26 improvements **【or】** and purchases of equipment related to the  
27 operation, maintenance, expansion, renovation, or rehabilitation of  
28 **【that】** a hospital; and overseeing the provision of working capital  
29 for operation of **【that】** a hospital, along with any required costs of  
30 issuing any bonds or notes therefor.

31 (cf: P.L.2006, c.46, s.3)

32

33 3. Section 4 of P.L.2006, c.46 (C.30:9-23.18) is amended to  
34 read as follows:

35 4. a. (1) The governing body of a city may create, by  
36 ordinance, a body corporate and politic to be known as the " . . . .  
37 Municipal Hospital Authority," inserting the name of such city.  
38 The authority shall constitute an agency and instrumentality of the  
39 city creating it.

40 (2) The governing body of a county that owns a county hospital  
41 may create by ordinance or resolution as appropriate, a body  
42 corporate and politic to be known as the " . . . . County Hospital  
43 Authority," inserting the name of the county. The authority shall  
44 constitute an agency and instrumentality of the county creating it.

45 (3) A governing body of a city **【so】** or county creating **【an】** a  
46 local hospital authority shall have power from time to time and for  
47 such period and upon such terms, with or without consideration, as

1 may be provided by such resolution or ordinance and accepted by  
2 the authority **[(1)]** :

3 (a) to appropriate moneys for the purposes of the authority, and  
4 to loan or donate such money to the authority in such installments  
5 and upon such terms as may be agreed upon with the authority,

6 **[(2)]** (b) to covenant and agree with the authority to pay to or  
7 on the order of the authority annually or at shorter intervals as a  
8 subsidy for the promotion of its purposes not exceeding such sums  
9 of money as may be stated in such resolution or ordinance or  
10 computed in accordance therewith, and

11 **[(3)]** (c) upon authorization by it in accordance with law of the  
12 performance of any act or thing which it is empowered by law to  
13 authorize and perform and after appropriation of the moneys (if  
14 any) necessary for such performance, to covenant and agree with  
15 the authority to do and perform such act or thing and as to the time,  
16 manner and other details of its doing and performance, and, in  
17 accordance with the limitations and any exceptions thereto and in  
18 the manner or mode of procedure prescribed by the local bond law  
19 to incur indebtedness, borrow money and issue its negotiable bonds  
20 for the purpose of financing such project and appropriation, and to  
21 pay the proceeds of such bonds to the authority.

22 b. A **[municipal]** local hospital authority created pursuant to  
23 **[this act]** this section shall be subject to the procedures of the  
24 "Local Authorities Fiscal Control Law," P.L.1983, c.313  
25 (C.40A:5A-1 et seq.), and shall operate pursuant to the provisions  
26 of that law, except as otherwise provided in P.L.2006, c.46 (C.30:9-  
27 23.15 et al.). The sole purpose of **[the]** a municipal hospital  
28 authority shall be to carry out **[a project]** an acquisition and to  
29 operate and maintain a **[project]** hospital. The sole purpose of a  
30 county hospital authority shall be to operate and maintain a county  
31 hospital.

32 c. Except as otherwise limited by **[this act]** P.L.2006, c.46  
33 (C.30:9-23.15 e al.), the authority shall have power:

34 (1) To finance and implement **[a project as defined pursuant to**  
35 **section 2 of P.L.2006, c.46 (C.30:9-23.16)]** the acquisition of a  
36 hospital and to operate and maintain a hospital;

37 (2) To sue and be sued;

38 (3) To have an official seal and alter it at pleasure;

39 (4) To make and alter bylaws for its organization and internal  
40 management and for the conduct of its affairs and business;

41 (5) To maintain an office at a place within the State as it may  
42 determine;

43 (6) To acquire, hold, use, and dispose of its income, revenues,  
44 funds, and moneys;

45 (7) To acquire, lease as lessee or lessor, rent, hold, use, and  
46 dispose of real or personal property for its purposes;

- 1 (8) To borrow money and to issue its negotiable bonds or notes  
2 and to secure them by a mortgage on its property or any part  
3 thereof, or by a pledge of its revenues, and otherwise to provide for  
4 and secure the payment of them and to provide for the rights of the  
5 holders of the bonds or notes;
- 6 (9) To make and enter into all contracts and agreements  
7 **【which】** that are necessary or incidental to the performance of its  
8 duties and the exercise of its powers under this act;
- 9 (10) To establish, acquire, construct, rehabilitate, repair,  
10 improve, own, manage, operate, and maintain a **【project】** hospital,  
11 or oversee the management and operation of a hospital, and let,  
12 award and enter into construction contracts, purchase orders and  
13 other contracts with respect to a **【project】** hospital as the authority  
14 shall determine;
- 15 (11) To fix and revise from time to time, and charge and collect,  
16 rents, fees and charges for the use, occupancy or services of the  
17 hospital or any part thereof or for admission thereto, and for the  
18 grant of concessions therein and for things furnished or services  
19 rendered by the authority through a **【project】** hospital;
- 20 (12) To function as the hospital governing body responsible for  
21 **【establishing】** approving hospital-wide policy, **【to establish】**  
22 establishing and **【enforce】** enforcing rules, regulations and bylaws  
23 for the use or operation of the hospital or the conduct of its  
24 activities, maintaining quality of care, and providing institutional  
25 management and planning, which functions **【shall not】** may be  
26 delegated or assigned to another entity, so long as the authority  
27 retains direct oversight over the entity;
- 28 (13) Subject to any agreement with bondholders or noteholders,  
29 to invest moneys of the authority not required for immediate use,  
30 including proceeds from the sale of any bonds or notes, in  
31 obligations, securities and other investments the authority deems  
32 prudent;
- 33 (14) To contract for and to accept any gifts or grants or loans of  
34 funds or property or financial or other aid in any form from the  
35 United States of America or any agency or instrumentality thereof,  
36 or from the State or any agency, instrumentality or political  
37 subdivision thereof, or from any other source, including for-profit  
38 or nonprofit organizations or the general public, and to comply,  
39 subject to the provisions of this act, with the terms and conditions  
40 thereof;
- 41 (15) Subject to any agreements with bondholders or noteholders,  
42 to purchase bonds or notes of the authority out of any funds or  
43 money of the authority available for those purposes, and to hold,  
44 cancel or resell the bonds or notes;
- 45 (16) To appoint and employ an executive director and additional  
46 officers, who need not be members of the authority, and  
47 accountants, attorneys, financial advisors, or experts and any other  
48 officers, agents and employees as it may require and determine their

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1 qualifications, terms of office, duties and compensation, all without  
2 regard to the provisions of Title 11A, Civil Service of the New  
3 Jersey Statutes;

4 (17) To do and perform any acts and things authorized by this act  
5 under, through, or by means of contracts with a nonprofit or for-  
6 profit entity or entities;

7 (18) To procure insurance against any losses in connection with  
8 its property, operations or assets in such amounts and from such  
9 insurers as it deems desirable; and

10 (19) To do anything necessary or convenient to carry out its  
11 purposes and exercise the powers granted in **[this act]** P.L.2006,  
12 c.46 (C.30:9-23.15 et al.).

13 (cf: P.L.2006, c.46, s.4)

14

15 4. Section 5 of P.L.2006, c.46 (C.30:9-23.19) is amended to  
16 read as follows:

17 5. a. **[The]** A local hospital authority shall be governed by an  
18 11-member board. The members shall be divided among four  
19 classes.

20 (1) The Class I member of a municipal hospital authority shall  
21 be the mayor of the city, or his designee, ex officio. The Class I  
22 member of a county hospital authority shall be the chief executive  
23 officer of the county, or his designee, ex officio.

24 (2) There shall be two Class II **[hospital]** members of a local  
25 hospital authority, who shall serve on, and be appointed by, the  
26 medical staff executive committee of the hospital, to terms  
27 concurrent with their membership on the executive committee, and  
28 who need not be residents of the city or county.

29 (3) There shall be six Class III public members of a local  
30 hospital authority, at least four of whom shall be residents of the  
31 city or county, but none of whom shall be officers or employees of  
32 the city or county or of the manager.

33 (a) The Class III public members of a municipal hospital  
34 authority shall be appointed by the mayor of the city, with the  
35 advice and consent of the city council. At least two of the Class III  
36 members of a municipal hospital authority shall have special  
37 expertise as follows: one shall have extensive expertise in finance  
38 of private or nonprofit organizations, and one shall have extensive  
39 expertise in nonprofit organizational management. The Class III  
40 members shall serve for terms of five years and until their  
41 respective successors have been appointed and qualified; except  
42 that of the six members first appointed by the mayor, one shall be  
43 appointed for a term of one year, one for a term of two years, one  
44 for a term of three years, one for a term of four years, and two for a  
45 term of five years.

46 (b) The Class III public members of a county hospital authority  
47 shall be appointed as follows: five members shall be appointed by  
48 the chief executive officer of the county, with the advice and

1 consent of the board of chosen freeholders; and one member shall  
2 be appointed by the Governor, with the advice and consent of the  
3 Senate. At least two of the five Class III members of a county  
4 hospital authority appointed by the chief executive officer of the  
5 county shall have special expertise as follows: one shall have  
6 extensive expertise in finance, and one shall have extensive  
7 expertise in organizational management. The Class III members of  
8 a county hospital authority appointed by the chief executive officer  
9 of the county shall serve for terms of five years and until their  
10 respective successors have been appointed and qualified; except  
11 that initially, one shall be appointed for a term of one year, one for  
12 a term of two years, one for a term of three years, one for a term of  
13 four years, and one for a term of five years. The Class III member  
14 of a county hospital authority appointed by the Governor shall serve  
15 at the pleasure of the Governor, with the advice and consent of the  
16 Senate, and shall be a physician who is licensed to practice  
17 medicine and surgery in the State and who is knowledgeable about,  
18 or has clinical experience in, the field of chemical dependency or  
19 addiction-oriented psychiatry.

20 (4) The hospital's chief executive officer or a designee thereof  
21 shall serve as a nonvoting Class IV member. The Commissioner of  
22 Community Affairs shall appoint one individual as a nonvoting  
23 Class IV member.

24 (5) Vacancies shall be filled in the same manner as the original  
25 appointments were made, but for the unexpired term.

26 b. Members of an authority shall not receive compensation for  
27 their services, but shall be entitled to reimbursement for actual  
28 expenses necessarily incurred in the discharge of the duties of  
29 membership, including travel expenses. The powers of the  
30 authority shall be vested in the members thereof in office from time  
31 to time. Five members shall constitute a quorum of the authority  
32 for the purpose of conducting its business and exercising its powers  
33 and all other purposes. Action may be taken by the authority upon  
34 the affirmative vote of the majority, but not less than five of the  
35 members present, unless in any case the bylaws of the authority or  
36 State law or regulation shall require a larger number.

37 c. The authority shall select a chairman and a vice-chairman  
38 from among its Class III public members, and may employ an  
39 executive director, who may be its secretary.

40 d. Class II and Class IV members of the authority shall not be  
41 deemed to have an interest in the hospital solely by virtue of their  
42 membership on the medical staff of the hospital or their  
43 employment by or contract with a manager, and they shall not be  
44 subject to the provisions of subsections d. and e. of section 5 of  
45 P.L.1991, c.29 (C.40A:9-22.5) of the "Local Government Ethics  
46 Law."

47 e. A member of an authority may be removed by the governing  
48 body or officer by which he was appointed for inefficiency or

1 neglect of duty or misconduct in office; but only after the member  
2 has been given a copy of the charges at least 10 days prior to a  
3 hearing thereon and has had the opportunity to be heard in person or  
4 by counsel. In the event of a removal of any member of an  
5 authority, a record of the proceedings, together with the charges and  
6 findings thereon, shall be filed in the office of the clerk of the city,  
7 in the case of a municipal authority, or in the office of the clerk to  
8 the board of chosen freeholders, in the case of a county authority.

9 (cf: P.L.2006, c.46, s.5)

10  
11 5. Section 6 of P.L.2006, c.46 (C.30:9-23.20) is amended to  
12 read as follows:

13 6. a. **【The】** (1) A municipal authority shall exercise its powers  
14 and duties to manage and operate a hospital owned by it through a  
15 contract or contracts with a manager, which may be entered into  
16 without public advertising for bid as otherwise required pursuant to  
17 the provisions of section 3 of P.L.1971, c.198 (C.40A:11-3);  
18 provided, however, that the primary responsibility of operating the  
19 hospital shall remain that of the authority.

20 (2) A county authority may exercise its powers and duties to  
21 manage, operate, and maintain a county hospital through a contract  
22 or contracts with a manager, which contract or contracts shall be  
23 entered into by competitive contracting pursuant to the "Local  
24 Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.);  
25 provided, however, that the primary responsibility of overseeing the  
26 management, operation, and maintenance of the hospital shall  
27 remain that of the authority.

28 b. (1) The initial duration of a contract entered into pursuant to  
29 paragraph (1) of subsection a. of this section shall not exceed five  
30 years. A contract entered into pursuant to 【this】 paragraph (1) of  
31 subsection a. of this section may be renewed for an additional  
32 period, not to exceed five years. A contract entered into pursuant to  
33 paragraph (1) of subsection a. of this section more than ten years  
34 from the date of the initial contract shall be negotiated as a new  
35 contract and not as a renewal contract.

36 (2) The initial duration of a contract entered into pursuant to  
37 paragraph (2) of subsection a. of this section shall not exceed a term  
38 of 20 years, provided, however, that a contract entered into pursuant  
39 to paragraph (2) of subsection a. of this section may be renewed for  
40 two additional periods, not to exceed five years each.

41 c. A contract, or a renewal thereof, with a manager to manage  
42 and operate a hospital **【owned by the authority】** shall be effective  
43 only with the prior written consent of the Local Finance Board,  
44 which shall consult with the Commissioner of Health and Senior  
45 Services. The Local Finance Board shall establish an application  
46 procedure, submission requirements, and set minimum standards  
47 and content that shall be included in any contract with **【a nonprofit】**

1 an entity to manage and operate a hospital **【owned by the**  
2 **authority】**.

3 A contract with a manager shall provide that, in addition to such  
4 other matters as determined to be necessary by the authority or as  
5 otherwise required by law or regulation:

6 (1) The authority or its agents, and the city or county or **【its】**  
7 the agents of the city or county, shall have independent access to  
8 the books and records of the hospital at all times; and

9 (2) **【The Governor of the State of New Jersey shall appoint an**  
10 **individual to serve on the board of directors of the manager during**  
11 **the term of the contract, including renewals; and】** (Deleted by  
12 amendment, P.L. , c. ) (pending before the Legislature as this  
13 bill)

14 (3) Other than for routine, day-to-day business activities, the  
15 authority shall have the final determination regarding the  
16 acquisition and disposition of assets, or the incurring of debt or  
17 expenses.

18 d. When contracting with a manager, **【the authority shall**  
19 **approve】** the individuals that the manager proposes to designate as  
20 the hospital's chief executive officer and chief financial officer, by  
21 whatever title, and any change thereof, and **【shall also approve】** all  
22 contracts or other arrangements setting forth terms and conditions  
23 of employment for those positions shall be subject to the approval  
24 of the authority.

25 e. An authority shall take the following actions pursuant to any  
26 requirements that may be established by the Local Finance Board:

27 (1) adopt a management plan for the hospital, including  
28 monitoring and review methods of financial activities;

29 (2) set minimum requirements for meetings of the authority, and  
30 minimum attendance requirements for members;

31 (3) establish a formal mechanism for communication among the  
32 members of the authority's board, hospital administrators and  
33 medical staff;

34 (4) form a finance committee, which shall be responsible for the  
35 oversight of the finances of the authority, and delineate the duties  
36 and obligations of the finance committee; and

37 (5) include minimum provisions that shall be included in a  
38 contract with a manager. Such provisions shall include the  
39 submission of an annual budget of the hospital and of the  
40 **【nonprofit】** manager by the manager for the approval of the  
41 authority. The approval of these items shall be conditioned upon  
42 the approval of the authority's annual budget pursuant to the "Local  
43 Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et  
44 seq.). The budget and any supporting documents as may be  
45 required by the Division of Local Government Services shall be  
46 submitted to the division as part of the submission of the authority's  
47 annual budget.

48 (cf: P.L.2006, c.46, s.6)



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1       6. Section 7 of P.L.2006, c.46 (C.30:9-23.21) is amended to  
2 read as follows:

3       7. a. Bonds or notes issued under **【this act】** P.L.2006, c.46  
4 (C.30:9-23.15 et al.) shall be issued and sold in the same manner,  
5 and subject to the same restrictions, as applicable to bonds of an  
6 authority authorized to be issued pursuant to the "municipal and  
7 county utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et  
8 seq.), including specifically sections 25 through 33 (C.40:14B-25  
9 through C.40:14B-33).

10       An authority formed pursuant to P.L.2006, c.46 (C.30:9-23.15 et  
11 al.) shall be deemed to be a municipal authority for the purposes of  
12 sections 59, 62, 63, 64, and 65 of P.L.1957, c.183 (C.40:14B-59 and  
13 C.40:14B-62 through C.40:14B-65), and those sections shall be  
14 applicable to a **【municipal】** local hospital authority and its bonds as  
15 authorized pursuant to P.L.2006, c.46 (C.30:9-23.15 et al.).  
16 P.L.2006, c.46 (C.30:9-23.15 et al.) shall be construed liberally to  
17 effectuate the legislative intent and as complete and independent  
18 authority for the performance by a **【municipal】** local hospital  
19 authority of each and every act and thing herein authorized.

20       For purposes of P.L.2006, c.46 (C.30:9-23.15 et al.), "costs"  
21 means, in addition to the usual connotations thereof, the cost of  
22 acquisition or construction of all or any part of a hospital and of all  
23 or any property, rights, easements, privileges, or agreements  
24 deemed by the authority to be necessary or useful and convenient  
25 therefor or in connection therewith, including interest or discount  
26 on bonds, cost of issuance of bonds, and legal expenses, cost of  
27 financial, professional and other estimates and advice, organization,  
28 administrative, operating and other expenses of the authority or of a  
29 hospital owned by the authority prior to and during such acquisition  
30 or construction, and all such other expenses as may be necessary or  
31 incident to the financing, acquisition, construction and completion  
32 of the hospital, or any part thereof, and the placing of the same in  
33 operation, and also such provision or reserves for working capital,  
34 operating, maintenance or replacement expenses or for payment or  
35 security of principal of or interest on bonds during or after such  
36 acquisition or construction as the authority may determine, and also  
37 reimbursements to the authority or the city or the county of any  
38 moneys theretofore expended for the purposes of the authority. In  
39 addition, the issuance of any bonds or other instruments by a  
40 **【municipal】** local hospital authority shall be subject to the approval  
41 of the Local Finance Board in the Department of Community  
42 Affairs.

43       b. Contracts entered into between **【the】** a city and 【the】 an  
44 authority, or a county and an authority, pursuant to P.L.2006, c.46  
45 (C.30:9-23.15 et al.), may **【also】** contain provisions as to the  
46 financing and payment of expenses to be incurred by the authority  
47 and determined by it to be necessary for its purposes. Every such  
48 contract shall be authorized and entered into under and pursuant to

1 a resolution adopted by the authority and either an ordinance of the  
2 governing body of the city, or an ordinance or resolution of the  
3 governing body of the county, but the terms or text of the contract  
4 need not be set forth in full or stated in any such resolution or  
5 ordinance if the form of the contract is on file in the office of the  
6 municipal clerk or clerk to the board of chosen freeholders, as  
7 appropriate, and the place in fact of such filing is described in the  
8 resolution or ordinance. Any such contract may be made with or  
9 without consideration and for a specified or an unlimited time and  
10 on any terms and conditions which may be approved by or on  
11 behalf of the city or county and which may be agreed to by the  
12 authority in conformity with its contracts with the holders of any  
13 bonds or notes, and shall be valid whether or not an appropriation  
14 with respect thereto is made by the city or county prior to  
15 authorization or execution thereof. Every such city or county is  
16 hereby authorized and directed to do and perform any and all acts or  
17 things necessary, convenient or desirable to carry out and perform  
18 every such contract and to provide for the payment or discharge of  
19 any obligation thereunder in the same manner as other obligations  
20 of that city or county.

21 c. The city or county may unconditionally guarantee the  
22 punctual payment of the principal of and interest on any bonds or  
23 notes issued by the authority, in the same manner, and subject to the  
24 same restrictions, as municipal guarantees of bonds of an authority  
25 authorized to be issued pursuant to the "Parking Authority Law,"  
26 P.L.1948, c.198 (C.40:11A-1 et seq.).

27 d. The provisions of N.J.S.40A:2-11 shall not apply to any  
28 bond ordinance of the city or county authorizing bonds pursuant to  
29 P.L.2006, c.46 (C.30:9-23.15 et al.).

30 e. Notwithstanding any provision of **【this act】** P.L.2006, c.46  
31 (C.30:9-23.15 et al.) to the contrary, any investments of money by  
32 the authority shall be made consistent with the provisions of  
33 N.J.S.40A:5-1 et seq.

34 (cf: P.L.2006, c.46, s.7)

35

36 7. (New section) a. (1) A county hospital authority may enter  
37 into a contract with a private entity, subject to subsection f. of this  
38 section, to be referred to as a public-private partnership agreement,  
39 that permits the private entity to assume full financial and  
40 administrative responsibility for a project, provided that the project  
41 is financed in whole by the private entity and that the county or the  
42 county hospital authority retains full ownership of the land upon  
43 which the project is completed.

44 (2) As used in this section, "project" means the on-site  
45 construction, reconstruction, repair, alteration, improvement,  
46 extension, management, or operation of a building, structure, or  
47 facility of, or for the benefit of, a county hospital.

1 (3) A public-private partnership agreement may include an  
2 agreement under which a county hospital authority leases to a  
3 private entity, in whole or in part, the operation of a revenue-  
4 producing facility of a county hospital to which the county or the  
5 county hospital authority holds title, in exchange for up-front or  
6 structured financing by the private entity for the construction of a  
7 building, structure, or facility of, or for the benefit of, the hospital.  
8 Under the lease agreement, the county or county hospital authority  
9 shall continue to hold title to, and license of, the facility, and the  
10 private entity shall be responsible for the management, operation,  
11 and maintenance of the facility. The private entity shall receive  
12 some or all, as per the agreement, of the revenue generated by the  
13 facility and shall operate the facility in accordance with hospital  
14 standards. At the end of the lease term, subsequent revenue  
15 generated by the facility, along with management, operation, and  
16 maintenance responsibility, shall revert to the county or the county  
17 hospital authority.

18 b. (1) A private entity that assumes financial and administrative  
19 responsibility for a project pursuant to subsection a. of this section  
20 shall not be subject to the procurement and contracting  
21 requirements of any statute applicable to a county hospital  
22 authority, including the "Local Public Contracts Law," P.L. 1971, c.  
23 198 (C.40A:11-1 et seq.). For the purposes of facilitating the  
24 financing of a project pursuant to subsection a. of this section, a  
25 public entity:

26 (a) may become the owner or lessee of the project or the lessee  
27 of the land, or both,

28 (b) may become the lessee of a revenue-producing facility to  
29 which the county or the county hospital authority holds title,

30 (c) may issue indebtedness in accordance with the public  
31 entity's enabling legislation, and

32 (d) notwithstanding any provision of law to the contrary, shall  
33 be empowered to enter into contracts with a private entity and its  
34 affiliates without being subject to the procurement and contracting  
35 requirements of any statute applicable to the public entity provided  
36 that the private entity has been selected by the county hospital  
37 authority pursuant to a solicitation of proposals or qualifications.

38 (2) For the purposes of this section, a public entity shall include  
39 the New Jersey Health Care Facilities Financing Authority, and any  
40 project undertaken pursuant to subsection a. of this section of which  
41 the authority becomes the owner or lessee, or which is situated on  
42 land of which the authority becomes the lessee, shall be deemed a  
43 "project" under the "New Jersey Health Care Facilities Financing  
44 Authority Law," P.L.1972, c.29 (C.26:2I-1 et seq.).

45 (3) As the carrying out of any project described pursuant to this  
46 section constitutes the performance of an essential public function,  
47 a project predominantly used in furtherance of the purposes of a  
48 county hospital authority undertaken pursuant to this section,

1 provided it is owned by or leased to a public entity, non-profit  
2 business entity, foreign or domestic, or a business entity wholly  
3 owned by a non-profit business entity, shall at all times be exempt  
4 from property taxation and special assessments of the State, or any  
5 municipality, or other political subdivision of the State and,  
6 notwithstanding the provisions of section 15 of P.L.1974, c.80  
7 (C.34:1B-15), section 2 of P.L.1977, c.272 (C.54:4-2.2b), or any  
8 other section of law to the contrary, shall not be required to make  
9 payments in lieu of taxes. The land upon which a project is located  
10 shall also at all times be exempt from property taxation. Further,  
11 the project and land upon which the project is located shall not be  
12 subject to the provisions of section 1 of P.L.1984, c.176 (C.54:4-  
13 1.10) regarding the tax liability of private parties conducting for  
14 profit activities on tax exempt land, or section 1 of P.L.1949, c.177  
15 (C.54:4-2.3) regarding the taxation of leasehold interests in exempt  
16 property that are held by nonexempt parties.

17 c. Each worker employed in the construction, rehabilitation, or  
18 building maintenance services of facilities by a private entity that  
19 has entered into a public-private partnership agreement with a  
20 county hospital authority pursuant to subsection a. of this section  
21 shall be paid not less than the prevailing wage rate for the worker's  
22 craft or trade as determined by the Commissioner of Labor and  
23 Workforce Development pursuant to P.L.1963, c.150 (C.34:11-  
24 56.25 et seq.) and P.L.2005, c.379 (C.34:11-56.58 et seq.).

25 d. (1) A construction project under a public-private partnership  
26 agreement entered into pursuant to this section shall contain a  
27 project labor agreement. The project labor agreement shall be  
28 subject to the provisions of P.L.2002, c.44 (C.52:38-1 et seq.), and  
29 shall be in a manner that, to the greatest extent possible, enhances  
30 employment opportunities for individuals residing in the county of  
31 the project's location. The general contractor, construction  
32 manager, design-build team, or subcontractor for a construction  
33 project proposed in accordance with this paragraph shall be  
34 registered pursuant to the provisions of P.L.1999, c.238 (C.34:11-  
35 56.48 et seq.), and shall be classified by the Division of Property  
36 Management and Construction to perform work on a public-private  
37 partnership hospital project. All construction projects proposed in  
38 accordance with this paragraph shall be submitted to the New Jersey  
39 Health Care Facilities Financing Authority for its review and  
40 approval and, when practicable, are encouraged to adhere to the  
41 Leadership in Energy and Environmental Design Green Building  
42 Rating System as adopted by the United States Green Building  
43 Council.

44 (2) Where no public fund has been established for the financing  
45 of a public improvement, the chief financial officer of the public  
46 owner shall require the private entity for whom the public  
47 improvement is being made to post, or cause to be posted, a bond  
48 guaranteeing prompt payment of moneys due to the contractor, his

1 or her subcontractors and to all persons furnishing labor or  
2 materials to the contractor or his or her subcontractors in the  
3 prosecution of the work on the public improvement.

4 e. A general contractor, construction manager, design-build  
5 team, or subcontractor shall be registered pursuant to the provisions  
6 of P.L.1999, c.238 (C.34:11-56.48 et seq.), and shall be classified  
7 by the Division of Property Management and Construction to  
8 perform work on a public-private partnership hospital project.

9 f. (1) All projects proposed in accordance with this section  
10 shall be submitted to the New Jersey Health Care Facilities  
11 Financing Authority for the authority's review and approval. The  
12 projects are encouraged, when practicable, to adhere to the green  
13 building manual prepared by the Commissioner of Community  
14 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6).

15 (2) (a) In order for an application to be complete and considered  
16 by the authority, the application shall include, but not be limited to:

17 (i) a public-private partnership agreement between the county  
18 hospital authority and the private developer;

19 (ii) a full description of the project, including a description of  
20 any agreement for the lease of a revenue-producing facility related  
21 to the project;

22 (iii) the estimated costs and financial documentation for the  
23 project;

24 (iv) a timetable for completion of the project extending no more  
25 than five years after consideration and approval; and

26 (v) any other requirements that the authority deems appropriate  
27 or necessary.

28 (b) As part of the estimated costs and financial documentation  
29 for the project, the application shall contain a long-range  
30 maintenance plan and shall specify the expenditures that qualify as  
31 an appropriate investment in maintenance. The long-range  
32 maintenance plan shall be approved by the New Jersey Health Care  
33 Facilities Financing Authority pursuant to regulations promulgated  
34 by the authority that reflect national building maintenance standards  
35 and other appropriate building maintenance benchmarks. All  
36 contracts to implement a long-range maintenance plan pursuant to  
37 this paragraph shall contain a project labor agreement. The project  
38 labor agreement shall be subject to the provisions of P.L.2002, c.44  
39 (C.52:38-1 et seq.), and shall be in a manner that to the greatest  
40 extent possible enhances employment opportunities for individuals  
41 residing in the county of the project's location.

42 (3) The authority shall review all completed applications, and  
43 request additional information as is needed to make a complete  
44 assessment of the project. No project shall be undertaken until final  
45 approval has been granted by the New Jersey Health Care Facilities  
46 Financing Authority; provided, however, that the authority shall  
47 retain the right to revoke approval if it determines that the project

1 has deviated from the plan submitted pursuant to paragraph (2) of  
2 this subsection.

3 (4) The New Jersey Health Care Facilities Financing Authority  
4 may promulgate any rules and regulations necessary to implement  
5 this subsection, including provisions for fees to cover  
6 administrative costs.

7 g. Where no public fund has been established for the financing  
8 of a public improvement, the chief financial officer of the public  
9 owner shall require the private entity for whom the public  
10 improvement is being made to post, or cause to be posted, a bond  
11 guaranteeing prompt payment of moneys due to the contractor, his  
12 or her subcontractors and to all persons furnishing labor or  
13 materials to the contractor or his or her subcontractors in the  
14 prosecution of the work on the public improvement.

15 h. The provisions of P.L.2009, c.136 (C.52:18-42 et al.) shall  
16 not apply to any project carried out pursuant to this section.

17

18 8. Section 2 of P.L.1971, c.198 (C.40A:11-2) is amended to  
19 read as follows:

20 2. As used herein the following words have the following  
21 definitions, unless the context otherwise indicates:

22 (1) "Contracting unit" means:

23 (a) Any county; or

24 (b) Any municipality; or

25 (c) Any board, commission, committee, authority or agency,  
26 which is not a State board, commission, committee, authority,  
27 except as provided pursuant to P.L.2013, c.4, or agency, and which  
28 has administrative jurisdiction over any district other than a school  
29 district, project, or facility, included or operating in whole or in  
30 part, within the territorial boundaries of any county or municipality  
31 which exercises functions which are appropriate for the exercise by  
32 one or more units of local government, including functions  
33 exercised in relation to the administration and oversight of a  
34 tourism district located in a municipality in which authorized casino  
35 gaming occurs, and which has statutory power to make purchases  
36 and enter into contracts awarded by a contracting agent for the  
37 provision or performance of goods or services.

38 The term shall not include a private firm that has entered into a  
39 contract with a public entity for the provision of water supply  
40 services pursuant to P.L.1995, c.101 (C.58:26-19 et al.).

41 "Contracting unit" shall not include a private firm or public  
42 authority that has entered into a contract with a public entity for the  
43 provision of wastewater treatment services pursuant to P.L.1995,  
44 c.216 (C.58:27-19 et al.).

45 "Contracting unit" shall not include a duly incorporated nonprofit  
46 association that has entered into a contract with the governing body  
47 of a city of the first class for the provision of water supply services

1 or wastewater treatment services pursuant to section 2 of P.L.2002,  
2 c.47 (C.40A:11-5.1).

3 "Contracting unit" shall not include [a duly incorporated  
4 nonprofit] an entity that has entered into a contract for management  
5 and operation services with a [municipal] local hospital authority  
6 established pursuant to P.L.2006, c.46 (C.30:9-23.15 et al.).

7 (2) "Governing body" means:

8 (a) The governing body of the county, when the purchase is to  
9 be made or the contract or agreement is to be entered into by, or in  
10 behalf of, a county; or

11 (b) The governing body of the municipality, when the purchase  
12 is to be made or the contract or agreement is to be entered into by,  
13 or on behalf of, a municipality; or

14 (c) Any board, commission, committee, authority or agency of  
15 the character described in subsection (1) (c) of this section.

16 (3) "Contracting agent" means the governing body of a  
17 contracting unit, or appointed membership of a State authority  
18 authorized to enter into a cooperative purchasing agreement  
19 pursuant to P.L.2013, c.4, or its authorized designee, which has the  
20 power to prepare the advertisements, to advertise for and receive  
21 bids and, as permitted by this act, to make awards for the  
22 contracting unit in connection with purchases, contracts or  
23 agreements.

24 (4) "Purchase" means a transaction, for a valuable consideration,  
25 creating or acquiring an interest in goods, services and property,  
26 except real property or any interest therein.

27 (5) (Deleted by amendment, P.L.1999, c.440.)

28 (6) "Professional services" means services rendered or  
29 performed by a person authorized by law to practice a recognized  
30 profession, whose practice is regulated by law, and the performance  
31 of which services requires knowledge of an advanced type in a field  
32 of learning acquired by a prolonged formal course of specialized  
33 instruction and study as distinguished from general academic  
34 instruction or apprenticeship and training. Professional services  
35 may also mean services rendered in the provision or performance of  
36 goods or services that are original and creative in character in a  
37 recognized field of artistic endeavor.

38 (7) "Extraordinary unspecifiable services" means services which  
39 are specialized and qualitative in nature requiring expertise,  
40 extensive training and proven reputation in the field of endeavor.

41 (8) (Deleted by amendment, P.L.1999, c.440.)

42 (9) "Work" includes services and any other activity of a tangible  
43 or intangible nature performed or assumed pursuant to a contract or  
44 agreement with a contracting unit.

45 (10) "Homemaker--home health services" means at home  
46 personal care and home management provided to an individual or  
47 members of the individual's family who reside with the individual,  
48 or both, necessitated by the individual's illness or incapacity.

1 "Homemaker--home health services" includes, but is not limited to,  
2 the services of a trained homemaker.

3 (11) "Recyclable material" means those materials which would  
4 otherwise become municipal solid waste, and which may be  
5 collected, separated or processed and returned to the economic  
6 mainstream in the form of raw materials or products.

7 (12) "Recycling" means any process by which materials which  
8 would otherwise become solid waste are collected, separated or  
9 processed and returned to the economic mainstream in the form of  
10 raw materials or products.

11 (13) "Marketing" means the sale, disposition, assignment, or  
12 placement of designated recyclable materials with, or the granting  
13 of a concession to, a reseller, processor, materials recovery facility,  
14 or end-user of recyclable material, in accordance with a district  
15 solid waste management plan adopted pursuant to P.L.1970, c.39  
16 (C.13:1E-1 et seq.) and shall not include the collection of such  
17 recyclable material when collected through a system of routes by  
18 local government unit employees or under a contract administered  
19 by a local government unit.

20 (14) "Municipal solid waste" means, as appropriate to the  
21 circumstances, all residential, commercial and institutional solid  
22 waste generated within the boundaries of a municipality; or the  
23 formal collection of such solid wastes or recyclable material in any  
24 combination thereof when collected through a system of routes by  
25 local government unit employees or under a contract administered  
26 by a local government unit.

27 (15) "Distribution" (when used in relation to electricity) means  
28 the process of conveying electricity from a contracting unit that is a  
29 generator of electricity or a wholesale purchaser of electricity to  
30 retail customers or other end users of electricity.

31 (16) "Transmission" (when used in relation to electricity) means  
32 the conveyance of electricity from its point of generation to a  
33 contracting unit that purchases it on a wholesale basis for resale.

34 (17) "Disposition" means the transportation, placement, reuse,  
35 sale, donation, transfer or temporary storage of recyclable materials  
36 for all possible uses except for disposal as municipal solid waste.

37 (18) "Cooperative marketing" means the joint marketing by two  
38 or more contracting units of the source separated recyclable  
39 materials designated in a district recycling plan required pursuant to  
40 section 3 of P.L.1987, c.102 (C.13:1E-99.13) pursuant to a written  
41 cooperative agreement entered into by the participating contracting  
42 units thereof.

43 (19) "Aggregate" means the sums expended or to be expended  
44 for the provision or performance of any goods or services in  
45 connection with the same immediate purpose or task, or the  
46 furnishing of similar goods or services, during the same contract  
47 year through a contract awarded by a contracting agent.



1 (20) "Bid threshold" means the dollar amount set in section 3 of  
2 P.L.1971, c.198 (C.40A:11-3), above which a contracting unit shall  
3 advertise for and receive sealed bids in accordance with procedures  
4 set forth in P.L.1999, c.440 (C.40A:11-4.1 et al.).

5 (21) "Contract" means any agreement, including but not limited  
6 to a purchase order or a formal agreement, which is a legally  
7 binding relationship enforceable by law, between a vendor who  
8 agrees to provide or perform goods or services and a contracting  
9 unit which agrees to compensate a vendor, as defined by and subject  
10 to the terms and conditions of the agreement. A contract also may  
11 include an arrangement whereby a vendor compensates a  
12 contracting unit for the vendor's right to perform a service, such as,  
13 but not limited to, operating a concession.

14 (22) "Contract year" means the period of 12 consecutive months  
15 following the award of a contract.

16 (23) "Competitive contracting" means the method described in  
17 sections 1 through 5 of P.L.1999, c.440 (C.40A:11-4.1 thru 40A:11-  
18 4.5) of contracting for specialized goods and services in which  
19 formal proposals are solicited from vendors; formal proposals are  
20 evaluated by the purchasing agent or counsel or administrator; and  
21 the governing body awards a contract to a vendor or vendors from  
22 among the formal proposals received.

23 (24) "Goods and services" or "goods or services" means any  
24 work, labor, commodities, equipment, materials, or supplies of any  
25 tangible or intangible nature, except real property or any interest  
26 therein, provided or performed through a contract awarded by a  
27 contracting agent, including goods and property subject to  
28 N.J.S.12A:2-101 et seq.

29 (25) "Library and educational goods and services" means  
30 textbooks, copyrighted materials, student produced publications and  
31 services incidental thereto, including but not limited to books,  
32 periodicals, newspapers, documents, pamphlets, photographs,  
33 reproductions, microfilms, pictorial or graphic works, musical  
34 scores, maps, charts, globes, sound recordings, slides, films,  
35 filmstrips, video and magnetic tapes, other printed or published  
36 matter and audiovisual and other materials of a similar nature,  
37 necessary binding or rebinding of library materials, and specialized  
38 computer software used as a supplement or in lieu of textbooks or  
39 reference material.

40 (26) "Lowest price" means the least possible amount that meets  
41 all requirements of the request of a contracting agent.

42 (27) "Lowest responsible bidder or vendor" means the bidder or  
43 vendor: (a) whose response to a request for bids offers the lowest  
44 price and is responsive; and (b) who is responsible.

45 (28) "Official newspaper" means any newspaper designated by  
46 the contracting unit pursuant to R.S.35:1-1 et seq.

47 (29) "Purchase order" means a document issued by the  
48 contracting agent authorizing a purchase transaction with a vendor

1 to provide or perform goods or services to the contracting unit,  
2 which, when fulfilled in accordance with the terms and conditions  
3 of a request of a contracting agent and other provisions and  
4 procedures that may be established by the contracting unit, will  
5 result in payment by the contracting unit.

6 (30) "Purchasing agent" means the individual duly assigned the  
7 authority, responsibility, and accountability for the purchasing  
8 activity of the contracting unit, and who has such duties as are  
9 defined by an authority appropriate to the form and structure of the  
10 contracting unit, pursuant to P.L.1971, c.198 (C.40A:11-1 et seq.)  
11 and who possesses a qualified purchasing agent certificate.

12 (31) "Quotation" means the response to a formal or informal  
13 request made by a contracting agent by a vendor for provision or  
14 performance of goods or services, when the aggregate cost is less  
15 than the bid threshold. Quotations may be in writing, or taken  
16 verbally if a record is kept by the contracting agent.

17 (32) "Responsible" means able to complete the contract in  
18 accordance with its requirements, including but not limited to  
19 requirements pertaining to experience, moral integrity, operating  
20 capacity, financial capacity, credit, and workforce, equipment, and  
21 facilities availability.

22 (33) "Responsive" means conforming in all material respects to  
23 the terms and conditions, specifications, legal requirements, and  
24 other provisions of the request.

25 (34) "Public works" means building, altering, repairing,  
26 improving or demolishing any public structure or facility  
27 constructed or acquired by a contracting unit to house local  
28 government functions or provide water, waste disposal, power,  
29 transportation, and other public infrastructures.

30 (35) "Director" means the Director of the Division of Local  
31 Government Services in the Department of Community Affairs.

32 (36) "Administrator" means a municipal administrator appointed  
33 pursuant to N.J.S.40A:9-136 and N.J.S.40A:9-137; a business  
34 administrator, a municipal manager or a municipal administrator  
35 appointed pursuant to the "Optional Municipal Charter Law,"  
36 P.L.1950, c.210 (C.40:69A-1 et seq.); a municipal manager  
37 appointed pursuant to "the municipal manager form of government  
38 law," R.S.40:79-1 et seq.; or the person holding responsibility for  
39 the overall operations of an authority that falls under the "Local  
40 Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et  
41 seq.).

42 (37) "Concession" means the granting of a license or right to act  
43 for or on behalf of the contracting unit, or to provide a service  
44 requiring the approval or endorsement of the contracting unit, and  
45 which may or may not involve a payment or exchange, or provision  
46 of services by or to the contracting unit.

47 (38) "Index rate" means the rate of annual percentage increase,  
48 rounded to the nearest half-percent, in the Implicit Price Deflator

1 for State and Local Government Purchases of Goods and Services,  
2 computed and published quarterly by the United States Department  
3 of Commerce, Bureau of Economic Analysis.

4 (39) "Proprietary" means goods or services of a specialized  
5 nature, that may be made or marketed by a person or persons having  
6 the exclusive right to make or sell them, when the need for such  
7 goods or services has been certified in writing by the governing  
8 body of the contracting unit to be necessary for the conduct of its  
9 affairs.

10 (40) "Service or services" means the performance of work, or the  
11 furnishing of labor, time, or effort, or any combination thereof, not  
12 involving or connected to the delivery or ownership of a specified  
13 end product or goods or a manufacturing process. Service or  
14 services may also include an arrangement in which a vendor  
15 compensates the contracting unit for the vendor's right to operate a  
16 concession.

17 (41) "Qualified purchasing agent certificate" means a certificate  
18 granted by the director pursuant to section 9 of P.L.1971, c.198  
19 (C.40A:11-9).

20 (42) "Mistake" means, for a public works project, a clerical error  
21 that is an unintentional and substantial computational error or an  
22 unintentional omission of a substantial quantity of labor, material,  
23 or both, from the final bid computation.

24 (cf: P.L.2013, c.4, s.2)

25

26 9. Section 1 of P.L.1999, c.440 (C.40A:11-4.1) is amended to  
27 read as follows:

28 1. Notwithstanding the provisions of any law, rule or regulation  
29 to the contrary, competitive contracting may be used by local  
30 contracting units in lieu of public bidding for procurement of  
31 specialized goods and services the price of which exceeds the bid  
32 threshold, for the following purposes:

33 a. The purchase or licensing of proprietary computer software  
34 designed for contracting unit purposes, which may include  
35 hardware intended for use with the proprietary software. This  
36 subsection shall not be utilized for the purpose of acquiring general  
37 purpose computer hardware or software;

38 b. The hiring of a for-profit entity or a not-for-profit entity  
39 incorporated under Title 15A of the New Jersey Statutes for the  
40 purpose of:

41 (1) the operation and management of a wastewater treatment  
42 system or a water supply or distribution facility of the type  
43 described in subsection (37) of section 15 of P.L.1971, c.198  
44 (C.40A:11-15), provided that competitive contracting shall not be  
45 used as a means of awarding contracts pursuant to P.L.1985, c.37  
46 (C.58:26-1 et al.) and P.L.1985, c.72 (C.58:27-1 et al.);

47 (2) the operation, management or administration of recreation or  
48 social service facilities or programs, which shall not include the

1 administration of benefits under the Work First New Jersey  
2 program established pursuant to P.L.1997, c.38 (C.44:10-55 et  
3 seq.), or under General Assistance; **【or】**

4 (3) the operation, management or administration of data  
5 processing services; or

6 (4) the operation and management of a hospital owned by a  
7 county or a county authority pursuant to the “Local Hospital  
8 Authority Law,” P.L.2006, c.46 (C.30:9-23.15 e al.);

9 c. (Deleted by amendment, P.L.2009, c.4).

10 d. Homemaker--home health services;

11 e. Laboratory testing services;

12 f. Emergency medical services;

13 g. Contracted food services;

14 h. Performance of patient care services by contracted medical  
15 staff at county hospitals, correctional facilities and long-term care  
16 facilities;

17 i. At the option of the governing body of the contracting unit,  
18 any good or service that is exempt from bidding pursuant to section  
19 5 of P.L.1971, c.198 (C.40A:11-5);

20 j. Concessions;

21 k. The operation, management or administration of other  
22 services, with the approval of the Director of the Division of Local  
23 Government Services;

24 l. Maintenance, custodial, and groundskeeping services;

25 m. Consulting services;

26 n. Emergency medical billing services;

27 o. Property appraisal services;

28 p. Reassessment or revaluation services;

29 q. Grant writing services;

30 r. Animal control services.

31 Any purpose included herein shall not be considered by a  
32 contracting unit as an extraordinary unspecifiable service pursuant  
33 to subparagraph (ii) of paragraph (a) of subsection (1) of section 5  
34 of P.L.1971, c.198 (C.40A:11-5).

35 (cf: P.L.2015, c.95, s.25)

36

37 10. Section 15 of P.L.1971, c.198 (C.40A:11-15) is amended to  
38 read as follows:

39 15. All contracts for the provision or performance of goods or  
40 services shall be awarded for a period not to exceed 24 consecutive  
41 months, except that contracts for professional services pursuant to  
42 subparagraph (i) of paragraph (a) of subsection (1) of section 5 of  
43 P.L.1971, c.198 (C.40A:11-5) shall be awarded for a period not to  
44 exceed 12 consecutive months. Contracts may be awarded for  
45 longer periods of time as follows:

46 (1) Supplying of:

47 (a) (Deleted by amendment, P.L.1996, c.113.)

48 (b) (Deleted by amendment, P.L.1996, c.113.)

1 (c) Thermal energy produced by a cogeneration facility, for use  
2 for heating or air conditioning or both, for any term not exceeding  
3 40 years, when the contract is approved by the Board of Public  
4 Utilities. For the purposes of this paragraph, "cogeneration" means  
5 the simultaneous production in one facility of electric power and  
6 other forms of useful energy such as heating or process steam;

7 (2) (Deleted by amendment, P.L.1977, c.53.)

8 (3) The collection and disposal of municipal solid waste, the  
9 collection and disposition of recyclable material, or the disposal of  
10 sewage sludge, for any term not exceeding in the aggregate, five  
11 years;

12 (4) The collection and recycling of methane gas from a sanitary  
13 landfill facility, for any term not exceeding 25 years, when the  
14 contract is in conformance with a district solid waste management  
15 plan approved pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.), and  
16 with the approval of the Division of Local Government Services in  
17 the Department of Community Affairs and the Department of  
18 Environmental Protection. The contracting unit shall award the  
19 contract to the highest responsible bidder, notwithstanding that the  
20 contract price may be in excess of the amount of any necessarily  
21 related administrative expenses; except that if the contract requires  
22 the contracting unit to expend funds only, the contracting unit shall  
23 award the contract to the lowest responsible bidder. The approval  
24 by the Division of Local Government Services of public bidding  
25 requirements shall not be required for those contracts exempted  
26 therefrom pursuant to section 5 of P.L.1971, c.198 (C.40A:11-5);

27 (5) Data processing service, for any term of not more than seven  
28 years;

29 (6) Insurance, including the purchase of insurance coverages,  
30 insurance consulting or administrative services, claims  
31 administration services and including participation in a joint self-  
32 insurance fund, risk management program or related services  
33 provided by a contracting unit insurance group, or participation in  
34 an insurance fund established by a local unit pursuant to  
35 N.J.S.40A:10-6, or a joint insurance fund established pursuant to  
36 P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of not more  
37 than three years;

38 (7) Leasing or servicing of (a) automobiles, motor vehicles,  
39 machinery, and equipment of every nature and kind, for a period not  
40 to exceed five years, or (b) machinery and equipment used in the  
41 generation of electricity by a municipal shared services energy  
42 authority established pursuant to section 4 of P.L.2015, c.129  
43 (C.40A:66-4), or a contracting unit engaged in the generation of  
44 electricity, for a period not to exceed 20 years; provided, however, a  
45 contract shall be awarded only subject to and in accordance with the  
46 rules and regulations promulgated by the Director of the Division of  
47 Local Government Services in the Department of Community  
48 Affairs;

- 1 (8) The supplying of any product or the rendering of any service  
2 by a company providing voice, data, transmission, or switching  
3 services for a term not exceeding five years;
- 4 (9) Any single project for the construction, reconstruction, or  
5 rehabilitation of any public building, structure, or facility, or any  
6 public works project, including the retention of the services of any  
7 architect or engineer in connection therewith, for the length of time  
8 authorized and necessary for the completion of the actual  
9 construction;
- 10 (10) The providing of food services for any term not exceeding  
11 three years;
- 12 (11) On-site inspections and plan review services undertaken by  
13 private agencies pursuant to the "State Uniform Construction Code  
14 Act," P.L.1975, c.217 (C.52:27D-119 et seq.) for any term of not  
15 more than three years;
- 16 (12) (Deleted by amendment, P.L.2009, c.4).
- 17 (13) (Deleted by amendment, P.L.1999, c.440.)
- 18 (14) (Deleted by amendment, P.L.1999, c.440.)
- 19 (15) Leasing of motor vehicles, machinery, and other equipment  
20 primarily used to fight fires, for a term not to exceed ten years,  
21 when the contract includes an option to purchase, subject to and in  
22 accordance with rules and regulations promulgated by the Director  
23 of the Division of Local Government Services in the Department of  
24 Community Affairs;
- 25 (16) The provision of water supply services or the designing,  
26 financing, construction, operation, or maintenance, or any  
27 combination thereof, of a water supply facility, or any component  
28 part or parts thereof, including a water filtration system, for a period  
29 not to exceed 40 years, when the contract for these services is  
30 approved by the Division of Local Government Services in the  
31 Department of Community Affairs, the Board of Public Utilities,  
32 and the Department of Environmental Protection pursuant to  
33 P.L.1985, c.37 (C.58:26-1 et al.), except that no approvals shall be  
34 required for those contracts otherwise exempted pursuant to  
35 subsection (30), (31), (34), (35) or (43) of this section. For the  
36 purposes of this subsection, "water supply services" means any  
37 service provided by a water supply facility; "water filtration  
38 system" means any equipment, plants, structures, machinery,  
39 apparatus, or land, or any combination thereof, acquired, used,  
40 constructed, rehabilitated, or operated for the collection,  
41 impoundment, storage, improvement, filtration, or other treatment  
42 of drinking water for the purposes of purifying and enhancing water  
43 quality and insuring its potability prior to the distribution of the  
44 drinking water to the general public for human consumption,  
45 including plants and works, and other personal property and  
46 appurtenances necessary for their use or operation; and "water  
47 supply facility" means and refers to the real property and the plants,  
48 structures, or interconnections between existing water supply

1 facilities, machinery and equipment and other property, real,  
2 personal, and mixed, acquired, constructed, or operated, or to be  
3 acquired, constructed, or operated, in whole or in part by or on  
4 behalf of a political subdivision of the State or any agency thereof,  
5 for the purpose of augmenting the natural water resources of the  
6 State and making available an increased supply of water for all  
7 uses, or of conserving existing water resources, and any and all  
8 appurtenances necessary, useful, or convenient for the collecting,  
9 impounding, storing, improving, treating, filtering, conserving, or  
10 transmitting of water and for the preservation and protection of  
11 these resources and facilities and providing for the conservation and  
12 development of future water supply resources;

13 (17) The provision of resource recovery services by a qualified  
14 vendor, the disposal of the solid waste delivered for disposal which  
15 cannot be processed by a resource recovery facility or the residual  
16 ash generated at a resource recovery facility, including hazardous  
17 waste and recovered metals and other materials for reuse, or the  
18 design, financing, construction, operation, or maintenance of a  
19 resource recovery facility for a period not to exceed 40 years when  
20 the contract is approved by the Division of Local Government  
21 Services in the Department of Community Affairs, and the  
22 Department of Environmental Protection pursuant to P.L.1985, c.38  
23 (C.13:1E-136 et al.); and when the resource recovery facility is in  
24 conformance with a district solid waste management plan approved  
25 pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.). For the purposes of  
26 this subsection, "resource recovery facility" means a solid waste  
27 facility constructed and operated for the incineration of solid waste  
28 for energy production and the recovery of metals and other  
29 materials for reuse; or a mechanized composting facility, or any  
30 other facility constructed or operated for the collection, separation,  
31 recycling, and recovery of metals, glass, paper, and other materials  
32 for reuse or for energy production; and "residual ash" means the  
33 bottom ash, fly ash, or any combination thereof, resulting from the  
34 combustion of solid waste at a resource recovery facility;

35 (18) The sale of electricity or thermal energy, or both, produced  
36 by a resource recovery facility for a period not to exceed 40 years  
37 when the contract is approved by the Board of Public Utilities, and  
38 when the resource recovery facility is in conformance with a district  
39 solid waste management plan approved pursuant to P.L.1970, c.39  
40 (C.13:1E-1 et seq.). For the purposes of this subsection, "resource  
41 recovery facility" means a solid waste facility constructed and  
42 operated for the incineration of solid waste for energy production  
43 and the recovery of metals and other materials for reuse; or a  
44 mechanized composting facility, or any other facility constructed or  
45 operated for the collection, separation, recycling, and recovery of  
46 metals, glass, paper, and other materials for reuse or for energy  
47 production;

1 (19) The provision of wastewater treatment services or the  
2 designing, financing, construction, operation, or maintenance, or  
3 any combination thereof, of a wastewater treatment system, or any  
4 component part or parts thereof, for a period not to exceed 40 years,  
5 when the contract for these services is approved by the Division of  
6 Local Government Services in the Department of Community  
7 Affairs and the Department of Environmental Protection pursuant to  
8 P.L.1985, c.72 (C.58:27-1 et al.), except that no approvals shall be  
9 required for those contracts otherwise exempted pursuant to  
10 subsection (36) or (43) of this section. For the purposes of this  
11 subsection, "wastewater treatment services" means any services  
12 provided by a wastewater treatment system, and "wastewater  
13 treatment system" means equipment, plants, structures, machinery,  
14 apparatus, or land, or any combination thereof, acquired, used,  
15 constructed, or operated for the storage, collection, reduction,  
16 recycling, reclamation, disposal, separation, or other treatment of  
17 wastewater or sewage sludge, or for the final disposal of residues  
18 resulting from the treatment of wastewater, including, but not  
19 limited to, pumping and ventilating stations, facilities, plants and  
20 works, connections, outfall sewers, interceptors, trunk lines, and  
21 other personal property and appurtenances necessary for their  
22 operation;

23 (20) The supplying of goods or services for the purpose of  
24 lighting public streets, for a term not to exceed five years;

25 (21) The provision of emergency medical services for a term not  
26 to exceed five years;

27 (22) Towing and storage contracts, awarded pursuant to  
28 paragraph u. of subsection (1) of section 5 of P.L.1971, c.198  
29 (C.40A:11-5) for any term not exceeding three years;

30 (23) Fuel for the purpose of generating electricity for a term not  
31 to exceed eight years;

32 (24) The purchase of electricity or administrative or dispatching  
33 services related to the transmission of electricity, from a supplier of  
34 electricity subject to the jurisdiction of a federal regulatory agency,  
35 from a qualifying small power producing facility or qualifying  
36 cogeneration facility, as defined by 16 U.S.C. s.796, or from any  
37 supplier of electricity within any regional transmission organization  
38 or independent system operator or from an organization or operator  
39 or their successors, by a contracting unit engaged in the generation  
40 of electricity for retail sale, as of May 24, 1991, for a term not to  
41 exceed 40 years, or by a contracting unit engaged solely in the  
42 distribution of electricity for retail sale for a term not to exceed ten  
43 years, except that a contract with a contracting unit, engaged solely  
44 in the distribution of electricity for retail sale, in excess of ten  
45 years, shall require the written approval of the Director of the  
46 Division of Local Government Services. If the director fails to  
47 respond in writing to the contracting unit within 10 business days,  
48 the contract shall be deemed approved;



- 1 (25) Basic life support services, for a period not to exceed five  
2 years. For the purposes of this subsection, "basic life support"  
3 means a basic level of prehospital care, which includes but need not  
4 be limited to patient stabilization, airway clearance,  
5 cardiopulmonary resuscitation, hemorrhage control, initial wound  
6 care, and fracture stabilization;
- 7 (26) (Deleted by amendment, P.L.1999, c.440.)
- 8 (27) The provision of transportation services to an elderly  
9 person, an individual with a disability, or an indigent person for any  
10 term of not more than three years. For the purposes of this  
11 subsection, "elderly person " means a person who is 60 years of age  
12 or older. "Individual with a disability" means a person of any age  
13 who, by reason of illness, injury, age, congenital malfunction, or  
14 other permanent or temporary incapacity or disability, are unable,  
15 without special facilities or special planning or design to utilize  
16 mass transportation facilities and services as effectively as persons  
17 who are not so affected. "Indigent person " means a person of any  
18 age whose income does not exceed 100 percent of the poverty level,  
19 adjusted for family size, established and adjusted under section  
20 673(2) of subtitle B, the "Community Services Block Grant Act,"  
21 Pub.L.97-35 (42 U.S.C. s.9902 (2));
- 22 (28) The supplying of liquid oxygen or other chemicals, for a  
23 term not to exceed five years, when the contract includes the  
24 installation of tanks or other storage facilities by the supplier, on or  
25 near the premises of the contracting unit;
- 26 (29) The performance of patient care services by contracted  
27 medical staff at county hospitals, correction facilities, and long term  
28 care facilities, for any term of not more than three years;
- 29 (30) The acquisition of an equitable interest in a water supply  
30 facility pursuant to section 2 of P.L.1993, c.381 (C.58:28-2), or a  
31 contract entered into pursuant to the "County and Municipal Water  
32 Supply Act," N.J.S.40A:31-1 et seq., if the contract is entered into  
33 no later than January 7, 1995, for any term of not more than forty  
34 years;
- 35 (31) The provision of water supply services or the financing,  
36 construction, operation, or maintenance or any combination thereof,  
37 of a water supply facility or any component part or parts thereof, by  
38 a partnership or copartnership established pursuant to a contract  
39 authorized under section 2 of P.L.1993, c.381 (C.58:28-2), for a  
40 period not to exceed 40 years;
- 41 (32) Laundry service and the rental, supply, and cleaning of  
42 uniforms for any term of not more than three years;
- 43 (33) The supplying of any product or the rendering of any  
44 service, including consulting services, by a cemetery management  
45 company for the maintenance and preservation of a municipal  
46 cemetery operating pursuant to the "New Jersey Cemetery Act,"  
47 N.J.S.8A:1-1 et seq., for a term not exceeding 15 years;

- 1 (34) A contract between a public entity and a private firm  
2 pursuant to P.L.1995, c.101 (C.58:26-19 et al.) for the provision of  
3 water supply services may be entered into for any term which, when  
4 all optional extension periods are added, may not exceed 40 years;
- 5 (35) A contract for the purchase of a supply of water from a  
6 public utility company subject to the jurisdiction of the Board of  
7 Public Utilities in accordance with tariffs and schedules of charges  
8 made, charged or exacted or contracts filed with the Board of Public  
9 Utilities, for any term of not more than 40 years;
- 10 (36) A contract between a public entity and a private firm or  
11 public authority pursuant to P.L.1995, c.216 (C.58:27-19 et al.) for  
12 the provision of wastewater treatment services may be entered into  
13 for any term of not more than 40 years, including all optional  
14 extension periods;
- 15 (37) The operation and management of a facility under a license  
16 issued or permit approved by the Department of Environmental  
17 Protection, including a wastewater treatment system or a water  
18 supply or distribution facility, as the case may be, for any term of  
19 not more than ten years. For the purposes of this subsection,  
20 "wastewater treatment system" refers to facilities operated or  
21 maintained for the storage, collection, reduction, disposal, or other  
22 treatment of wastewater or sewage sludge, remediation of  
23 groundwater contamination, stormwater runoff, or the final disposal  
24 of residues resulting from the treatment of wastewater; and "water  
25 supply or distribution facility" refers to facilities operated or  
26 maintained for augmenting the natural water resources of the State,  
27 increasing the supply of water, conserving existing water resources,  
28 or distributing water to users;
- 29 (38) Municipal solid waste collection from facilities owned by a  
30 contracting unit, for any term of not more than three years;
- 31 (39) Fuel for heating purposes, for any term of not more than  
32 three years;
- 33 (40) Fuel or oil for use in motor vehicles for any term of not  
34 more than three years;
- 35 (41) Plowing and removal of snow and ice for any term of not  
36 more than three years;
- 37 (42) Purchases made under a contract awarded by the Director of  
38 the Division of Purchase and Property in the Department of the  
39 Treasury for use by counties, municipalities, or other contracting  
40 units pursuant to section 3 of P.L.1969, c.104 (C.52:25-16.1), for a  
41 term not to exceed the term of that contract;
- 42 (43) A contract between the governing body of a city of the first  
43 class and a duly incorporated nonprofit association for the provision  
44 of water supply services as defined in subsection (16) of this  
45 section, or wastewater treatment services as defined in subsection  
46 (19) of this section, may be entered into for a period not to exceed  
47 40 years;

1 (44) The purchase of electricity generated through class I  
2 renewable energy or from a power production facility that is fueled  
3 by methane gas extracted from a landfill in the county of the  
4 contracting unit for any term not exceeding 25 years;

5 (45) The provision or performance of goods or services for the  
6 purpose of producing class I renewable energy or class II renewable  
7 energy, as those terms are defined in section 3 of P.L.1999, c.23  
8 (C.48:3-51), at, or adjacent to, buildings owned by, or operations  
9 conducted by, the contracting unit, the entire price of which is to be  
10 established as a percentage of the resultant savings in energy costs,  
11 for a term not to exceed 15 years; provided, however, that a contract  
12 shall be entered into only subject to and in accordance with  
13 guidelines promulgated by the Board of Public Utilities establishing  
14 a methodology for computing energy cost savings and energy  
15 generation costs; **[and]**

16 (46) A power supply contract, as defined pursuant to section 3 of  
17 P.L.2015, c.129 (C.40A:66-3), between a member municipality as  
18 defined pursuant to section 3 of P.L.2015, c.129 (C.40A:66-3), and  
19 the municipal shared services energy authority established pursuant  
20 to the provisions of P.L.2015, c.129 (C.40A:66-1 et al.) to meet the  
21 electric power needs of its members, for the lease, operation, or  
22 management of electric generation within a member municipality's  
23 corporate limits and franchise area or the purchase of electricity, or  
24 the purchase of fuel for generating units for a term not to exceed 40  
25 years; and

26 (47) A contract entered into pursuant to paragraph (2) of  
27 subsection a. of section 6 of P.L.2006, c.46 (C.30:9-23.20) between  
28 a county hospital authority and a manager for the management,  
29 operation, and maintenance of a hospital owned by the authority or  
30 the county for a term not to exceed 20 years, provided, however,  
31 that a contract entered into pursuant to paragraph (2) of subsection  
32 a. of section 6 of P.L.2006, c.46 (C.30:9-23.20) may be renewed for  
33 two additional periods, not to exceed five years each.

34 Any contract for services other than professional services, the  
35 statutory length of which contract is for three years or less, may  
36 include provisions for no more than one two-year, or two one-year,  
37 extensions, subject to the following limitations: a. The contract  
38 shall be awarded by resolution of the governing body upon a  
39 finding by the governing body that the services are being performed  
40 in an effective and efficient manner; b. No contract shall be  
41 extended so that it runs for more than a total of five consecutive  
42 years; c. Any price change included as part of an extension shall be  
43 based upon the price of the original contract as cumulatively  
44 adjusted pursuant to any previous adjustment or extension and shall  
45 not exceed the change in the index rate for the 12 months preceding  
46 the most recent quarterly calculation available at the time the  
47 contract is renewed; and d. The terms and conditions of the contract  
48 remain substantially the same.

1 All multiyear leases and contracts entered into pursuant to this  
2 section, including any two-year or one-year extensions, except  
3 contracts involving the supplying of electricity for the purpose of  
4 lighting public streets and contracts for thermal energy authorized  
5 pursuant to subsection (1) above, construction contracts authorized  
6 pursuant to subsection (9) above, contracts for the provision or  
7 performance of goods or services or the supplying of equipment to  
8 promote energy conservation through the production of class I  
9 renewable energy or class II renewable energy authorized pursuant  
10 to subsection (45) above, contracts for water supply services or for  
11 a water supply facility, or any component part or parts thereof  
12 authorized pursuant to subsection (16), (30), (31), (34), (35), (37),  
13 or (43) above, contracts for resource recovery services or a resource  
14 recovery facility authorized pursuant to subsection (17) above,  
15 contracts for the sale of energy produced by a resource recovery  
16 facility authorized pursuant to subsection (18) above, contracts for  
17 wastewater treatment services or for a wastewater treatment system  
18 or any component part or parts thereof authorized pursuant to  
19 subsection (19), (36), (37), or (43) above, and contracts for the  
20 purchase of electricity or administrative or dispatching services  
21 related to the transmission of electricity authorized pursuant to  
22 subsection (24) above, contracts for the purchase of electricity  
23 generated from a power production facility that is fueled by  
24 methane gas authorized pursuant to subsection (44) above, and  
25 power supply contracts authorized pursuant to subsection (46)  
26 respectively, shall contain a clause making them subject to the  
27 availability and appropriation annually of sufficient funds as may  
28 be required to meet the extended obligation, or contain an annual  
29 cancellation clause.

30 The Division of Local Government Services in the Department  
31 of Community Affairs shall adopt and promulgate rules and  
32 regulations concerning the methods of accounting for all contracts  
33 that do not coincide with the fiscal year.

34 All contracts shall cease to have effect at the end of the  
35 contracted period and shall not be extended by any mechanism or  
36 provision, unless in conformance with the "Local Public Contracts  
37 Law," P.L.1971, c.198 (C.40A:11-1 et seq.), except that a contract  
38 may be extended by mutual agreement of the parties to the contract  
39 when a contracting unit has commenced rebidding prior to the time  
40 the contract expires or when the awarding of a contract is pending  
41 at the time the contract expires.

42 (cf: P.L.2015, c.129, s.29)

43

44 11. This act shall take effect immediately.

STATEMENT

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This bill would amend the "Municipal Hospital Authority Law," P.L.2006, c.46 (C.30:9-23.15 et al.), to allow certain counties to create a hospital authority. In so doing, the bill would change the title of the law to be the "Local Hospital Authority Law." Currently, this law is only available to municipalities that are classified as cities pursuant to N.J.S.A. 40A:6-4. The bill would allow a county that owns an 800-bed hospital to create a hospital authority. The bill would amend current law in several ways. The purpose of a county hospital authority would be to operate and maintain a county hospital for the county.

Under the bill, a county hospital authority may exercise its powers and duties to manage, operate, and maintain a county hospital through a contract or contracts with a manager. The bill provides that management contracts are entered into by competitive contracting pursuant to the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.). Management contracts could be entered into for a 20-year term, and could be renewed for two five year terms. The bill provides that despite the existence of a management entity, the hospital authority would remain primarily responsible for operating the county hospital.

The bill specifies the composition and manner of appointment of members to boards of local hospital authorities. Additionally, the bill provides that the Governor would appoint an individual to the board of directors of each entity which contracts with a local hospital authority to operate and manage a hospital. The gubernatorial appointee would be a physician who is licensed to practice medicine and surgery in the State and who is knowledgeable about, or has clinical experience in, the field of chemical dependency or addiction-oriented psychiatry.

The bill would supplement current law by authorizing a county hospital authority to enter into a public-private partnership agreement with a private entity to undertake certain types of projects to benefit a county hospital. This section of the bill is based upon a provision of current law that allows a State college or a county college to enter into a public-private partnership contract with a private entity.

SENATE HEALTH, HUMAN SERVICES AND SENIOR  
CITIZENS COMMITTEE

STATEMENT TO

**SENATE, No. 2361**

**STATE OF NEW JERSEY**

DATED: JUNE 16, 2016

The Senate Health, Human Services and Senior Citizens Committee reports favorably Senate Bill No. 2361.

This bill would amend the "Municipal Hospital Authority Law," P.L.2006, c.46 (C.30:9-23.15 et al.), to allow certain counties to create a hospital authority. In so doing, the bill would change the title of the law to be the "Local Hospital Authority Law." Currently, this law is only available to municipalities that are classified as cities pursuant to N.J.S.A. 40A:6-4. The bill would allow a county that owns an 800-bed hospital to create a hospital authority. The bill would amend current law in several ways. The purpose of a county hospital authority would be to operate and maintain a county hospital for the county.

Under the bill, a county hospital authority may exercise its powers and duties to manage, operate, and maintain a county hospital through a contract or contracts with a manager. The bill provides that management contracts are entered into by competitive contracting pursuant to the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.). Management contracts could be entered into for a 20-year term, and could be renewed for two five year terms. The bill provides that despite the existence of a management entity, the hospital authority would remain primarily responsible for operating the county hospital.

The bill specifies the composition and manner of appointment of members to boards of local hospital authorities. Additionally, the bill provides that the Governor would appoint an individual to the board of directors of each entity which contracts with a local hospital authority to operate and manage a hospital. The gubernatorial appointee would be a physician who is licensed to practice medicine and surgery in the State and who is knowledgeable about, or has clinical experience in, the field of chemical dependency or addiction-oriented psychiatry.

The bill would supplement current law by authorizing a county hospital authority to enter into a public-private partnership agreement with a private entity to undertake certain types of projects to benefit a county hospital. This section of the bill is based upon a provision of current law that allows a State college or a county college to enter into a public-private partnership contract with a private entity.

# ASSEMBLY, No. 3951

## STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED JUNE 20, 2016

**Sponsored by:**

**Assemblywoman VALERIE VAINIERI HUTTLE**

**District 37 (Bergen)**

**Assemblyman JOSEPH A. LAGANA**

**District 38 (Bergen and Passaic)**

**Assemblyman TIM EUSTACE**

**District 38 (Bergen and Passaic)**

**Assemblywoman MARLENE CARIDE**

**District 36 (Bergen and Passaic)**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**Assemblywoman HOLLY SCHEPISI**

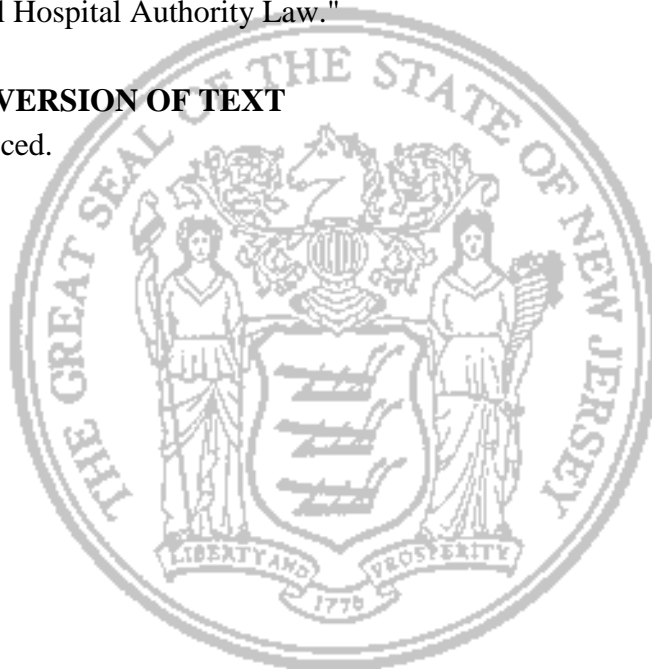
**District 39 (Bergen and Passaic)**

**SYNOPSIS**

Authorizes certain county to establish county hospital authority; amends title of "Municipal Hospital Authority Law."

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 6/24/2016)

1 AN ACT authorizing the establishment of county hospital  
2 authorities, amending and supplementing P.L.2006, c.46, and  
3 amending P.L.1971, c.198.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. Section 1 of P.L.2006, c.46 (C.30:9-23.15) is amended to  
9 read as follows:

10 1. Sections 1 through 9 of **[this act]** P.L.2006, c.46 (C.30:9-  
11 23.15 et al.), and section 7 of P.L. , c. (C. ) (pending before  
12 the Legislature as this bill) shall be known and may be cited as the  
13 "**[Municipal]** Local Hospital Authority Law."  
14 (cf: P.L.2006, c.46, s.1)

15  
16 2. Section 3 of P.L.2006, c.46 (C.30:9-23.17) is amended to  
17 read as follows:

18 3. For the purposes of this act:

19 "Acquisition" means the receiving, by purchase, gift, or  
20 otherwise, of all or any part of the assets and liabilities of a hospital  
21 located within a city through a contract or other agreement  
22 requiring at least \$12 million in working capital contributions from  
23 either the prior owner thereof or another nongovernmental source,  
24 as certified by the Local Finance Board in the Department of  
25 Community Affairs.

26 "Authority" or "local hospital authority" means a municipal  
27 hospital authority or a county hospital authority created pursuant to  
28 section 4 of **[this act]** P.L.2006, c.46 (C.30:9-23.18).

29 "Bonds" means bonds issued by **[the]** an authority pursuant to  
30 **[this act]** P.L.2006, c.46 (C.30:9-23.15 et al.).

31 "Chief executive officer of the county" means the county  
32 executive or the president of the board of chosen freeholders, as  
33 appropriate to the form of government of a county.

34 "City" means a city that is classified for legislative purposes  
35 pursuant to N.J.S.40A:6-4 and which adopts an ordinance creating a  
36 municipal hospital authority pursuant to **[this act]** P.L.2006, c.46  
37 (C.30:9-23.15 et al.).

38 "County" means a county that, by ordinance or resolution, as  
39 appropriate, creates a county hospital authority pursuant to section 4  
40 of P.L.2006, c.46 (C.30:9-23.18).

41 "County hospital" means a hospital that is owned by a county or  
42 by a county hospital authority, which hospital makes available at  
43 least 800 beds for long term care, acute care, or behavioral health  
44 care patients, or any combination thereof.

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.



1       "Governing body" means a governing body as defined in the  
2 "Local Fiscal Affairs Law," N.J.S.40A:5-1 et seq.

3       "Hospital" means an institution licensed and classified as a  
4 general hospital by the Commissioner of Health and Senior Services  
5 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.) and N.J.A.C.8:43G-  
6 1 et seq., notwithstanding that the general hospital also may be  
7 licensed to provide inpatient psychiatric or comprehensive  
8 rehabilitation hospital services, or other related services.

9       "Local Finance Board" means the Local Finance Board in the  
10 Division of Local Government Services in the Department of  
11 Community Affairs.

12       "Manager" means the **【nonprofit】** management entity or entities  
13 hired by an authority to manage and operate a hospital, or any  
14 portion of a hospital **【, owned by that authority】**.

15       "Notes" means notes issued by the authority pursuant to **【this**  
16 **act】** P.L.2006, c.46 (C.30:9-23.15 et al.).

17       **【"Project"】** "Operate and maintain" means **【the acquisition, by**  
18 **purchase, gift or otherwise, of all or any part of the assets and**  
19 **liabilities of a hospital located within a city through a contract or**  
20 **other agreement requiring at least \$12 million in working capital**  
21 **contributions from either the prior owner thereof or another**  
22 **nongovernmental source, as certified by the Local Finance Board in**  
23 **the Department of Community Affairs;】** overseeing the  
24 management and operation of **【that】** a hospital, or managing and  
25 operating a hospital; 【and the costs of any】 overseeing capital  
26 improvements **【or】** and purchases of equipment related to the  
27 operation, maintenance, expansion, renovation, or rehabilitation of  
28 **【that】** a hospital; and overseeing the provision of working capital  
29 for operation of **【that】** a hospital, along with any required costs of  
30 issuing any bonds or notes therefor.

31 (cf: P.L.2006, c.46, s.3)

32

33       3. Section 4 of P.L.2006, c.46 (C.30:9-23.18) is amended to  
34 read as follows:

35       4. a. (1) The governing body of a city may create, by  
36 ordinance, a body corporate and politic to be known as the " . . . .  
37 Municipal Hospital Authority," inserting the name of such city.  
38 The authority shall constitute an agency and instrumentality of the  
39 city creating it.

40       (2) The governing body of a county that owns a county hospital  
41 may create by ordinance or resolution as appropriate, a body  
42 corporate and politic to be known as the " . . . . County Hospital  
43 Authority," inserting the name of the county. The authority shall  
44 constitute an agency and instrumentality of the county creating it.

45       (3) A governing body of a city 【so】 or county creating 【an】 a  
46 local hospital authority shall have power from time to time and for  
47 such period and upon such terms, with or without consideration, as

1 may be provided by such resolution or ordinance and accepted by  
2 the authority **[(1)]** :

3 (a) to appropriate moneys for the purposes of the authority, and  
4 to loan or donate such money to the authority in such installments  
5 and upon such terms as may be agreed upon with the authority,

6 **[(2)]** (b) to covenant and agree with the authority to pay to  
7 or on the order of the authority annually or at shorter intervals as a  
8 subsidy for the promotion of its purposes not exceeding such sums  
9 of money as may be stated in such resolution or ordinance or  
10 computed in accordance therewith, and

11 **[(3)]** (c) upon authorization by it in accordance with law of  
12 the performance of any act or thing which it is empowered by law  
13 to authorize and perform and after appropriation of the moneys (if  
14 any) necessary for such performance, to covenant and agree with  
15 the authority to do and perform such act or thing and as to the time,  
16 manner and other details of its doing and performance, and, in  
17 accordance with the limitations and any exceptions thereto and in  
18 the manner or mode of procedure prescribed by the local bond law  
19 to incur indebtedness, borrow money and issue its negotiable bonds  
20 for the purpose of financing such project and appropriation, and to  
21 pay the proceeds of such bonds to the authority.

22 b. A **[municipal]** local hospital authority created pursuant to  
23 **[this act]** this section shall be subject to the procedures of the  
24 "Local Authorities Fiscal Control Law," P.L.1983, c.313  
25 (C.40A:5A-1 et seq.), and shall operate pursuant to the provisions  
26 of that law, except as otherwise provided in P.L.2006, c.46 (C.30:9-  
27 23.15 et al.). The sole purpose of **[the]** a municipal hospital  
28 authority shall be to carry out **[a project]** an acquisition and to  
29 operate and maintain a **[project]** hospital. The sole purpose of a  
30 county hospital authority shall be to operate and maintain a county  
31 hospital.

32 c. Except as otherwise limited by **[this act]** P.L.2006, c.46  
33 (C.30:9-23.15 e al.), the authority shall have power:

34 (1) To finance and implement **[a project as defined pursuant to**  
35 **section 2 of P.L.2006, c.46 (C.30:9-23.16)]** the acquisition of a  
36 hospital and to operate and maintain a hospital;

37 (2) To sue and be sued;

38 (3) To have an official seal and alter it at pleasure;

39 (4) To make and alter bylaws for its organization and internal  
40 management and for the conduct of its affairs and business;

41 (5) To maintain an office at a place within the State as it may  
42 determine;

43 (6) To acquire, hold, use, and dispose of its income, revenues,  
44 funds, and moneys;

45 (7) To acquire, lease as lessee or lessor, rent, hold, use, and  
46 dispose of real or personal property for its purposes;

1 (8) To borrow money and to issue its negotiable bonds or notes  
2 and to secure them by a mortgage on its property or any part  
3 thereof, or by a pledge of its revenues, and otherwise to provide for  
4 and secure the payment of them and to provide for the rights of the  
5 holders of the bonds or notes;

6 (9) To make and enter into all contracts and agreements  
7 **【which】** that are necessary or incidental to the performance of its  
8 duties and the exercise of its powers under this act;

9 (10) To establish, acquire, construct, rehabilitate, repair,  
10 improve, own, manage, operate, and maintain a **【project】** hospital,  
11 or oversee the management and operation of a hospital, and let,  
12 award and enter into construction contracts, purchase orders and  
13 other contracts with respect to a **【project】** hospital as the authority  
14 shall determine;

15 (11) To fix and revise from time to time, and charge and collect,  
16 rents, fees and charges for the use, occupancy or services of the  
17 hospital or any part thereof or for admission thereto, and for the  
18 grant of concessions therein and for things furnished or services  
19 rendered by the authority through a **【project】** hospital;

20 (12) To function as the hospital governing body responsible for  
21 **【establishing】** approving hospital-wide policy, **【to establish】**  
22 establishing and **【enforce】** enforcing rules, regulations and bylaws  
23 for the use or operation of the hospital or the conduct of its  
24 activities, maintaining quality of care, and providing institutional  
25 management and planning, which functions **【shall not】** may be  
26 delegated or assigned to another entity, so long as the authority  
27 retains direct oversight over the entity;

28 (13) Subject to any agreement with bondholders or noteholders,  
29 to invest moneys of the authority not required for immediate use,  
30 including proceeds from the sale of any bonds or notes, in  
31 obligations, securities and other investments the authority deems  
32 prudent;

33 (14) To contract for and to accept any gifts or grants or loans of  
34 funds or property or financial or other aid in any form from the  
35 United States of America or any agency or instrumentality thereof,  
36 or from the State or any agency, instrumentality or political  
37 subdivision thereof, or from any other source, including for-profit  
38 or nonprofit organizations or the general public, and to comply,  
39 subject to the provisions of this act, with the terms and conditions  
40 thereof;

41 (15) Subject to any agreements with bondholders or noteholders,  
42 to purchase bonds or notes of the authority out of any funds or  
43 money of the authority available for those purposes, and to hold,  
44 cancel or resell the bonds or notes;

45 (16) To appoint and employ an executive director and additional  
46 officers, who need not be members of the authority, and  
47 accountants, attorneys, financial advisors, or experts and any other  
48 officers, agents and employees as it may require and determine their

1 qualifications, terms of office, duties and compensation, all without  
2 regard to the provisions of Title 11A, Civil Service of the New  
3 Jersey Statutes;

4 (17) To do and perform any acts and things authorized by this  
5 act under, through, or by means of contracts with a nonprofit or for-  
6 profit entity or entities;

7 (18) To procure insurance against any losses in connection with  
8 its property, operations or assets in such amounts and from such  
9 insurers as it deems desirable; and

10 (19) To do anything necessary or convenient to carry out its  
11 purposes and exercise the powers granted in **【this act】** P.L.2006,  
12 c.46 (C.30:9-23.15 et al.).  
13 (cf: P.L.2006, c.46, s.4)

14

15 4. Section 5 of P.L.2006, c.46 (C.30:9-23.19) is amended to  
16 read as follows:

17 5. a. **【The】** A local hospital authority shall be governed by an  
18 11-member board. The members shall be divided among four  
19 classes.

20 (1) The Class I member of a municipal hospital authority shall  
21 be the mayor of the city, or his designee, ex officio. The Class I  
22 member of a county hospital authority shall be the chief executive  
23 officer of the county, or his designee, ex officio.

24 (2) There shall be two Class II **【hospital】** members of a local  
25 hospital authority, who shall serve on, and be appointed by, the  
26 medical staff executive committee of the hospital, to terms  
27 concurrent with their membership on the executive committee, and  
28 who need not be residents of the city or county.

29 (3) There shall be six Class III public members of a local  
30 hospital authority, at least four of whom shall be residents of the  
31 city or county, but none of whom shall be officers or employees of  
32 the city or county or of the manager.

33 (a) The Class III public members of a municipal hospital  
34 authority shall be appointed by the mayor of the city, with the  
35 advice and consent of the city council. At least two of the Class III  
36 members of a municipal hospital authority shall have special  
37 expertise as follows: one shall have extensive expertise in finance  
38 of private or nonprofit organizations, and one shall have extensive  
39 expertise in nonprofit organizational management. The Class III  
40 members shall serve for terms of five years and until their  
41 respective successors have been appointed and qualified; except  
42 that of the six members first appointed by the mayor, one shall be  
43 appointed for a term of one year, one for a term of two years, one  
44 for a term of three years, one for a term of four years, and two for a  
45 term of five years.

46 (b) The Class III public members of a county hospital authority  
47 shall be appointed as follows: five members shall be appointed by  
48 the chief executive officer of the county, with the advice and

1 consent of the board of chosen freeholders; and one member shall  
2 be appointed by the Governor, with the advice and consent of the  
3 Senate. At least two of the five Class III members of a county  
4 hospital authority appointed by the chief executive officer of the  
5 county shall have special expertise as follows: one shall have  
6 extensive expertise in finance, and one shall have extensive  
7 expertise in organizational management. The Class III members of  
8 a county hospital authority appointed by the chief executive officer  
9 of the county shall serve for terms of five years and until their  
10 respective successors have been appointed and qualified; except  
11 that initially, one shall be appointed for a term of one year, one for  
12 a term of two years, one for a term of three years, one for a term of  
13 four years, and one for a term of five years. The Class III member  
14 of a county hospital authority appointed by the Governor shall serve  
15 at the pleasure of the Governor, with the advice and consent of the  
16 Senate, and shall be a physician who is licensed to practice  
17 medicine and surgery in the State and who is knowledgeable about,  
18 or has clinical experience in, the field of chemical dependency or  
19 addiction-oriented psychiatry.

20 (4) The hospital's chief executive officer or a designee thereof  
21 shall serve as a nonvoting Class IV member. The Commissioner of  
22 Community Affairs shall appoint one individual as a nonvoting  
23 Class IV member.

24 (5) Vacancies shall be filled in the same manner as the original  
25 appointments were made, but for the unexpired term.

26 b. Members of an authority shall not receive compensation for  
27 their services, but shall be entitled to reimbursement for actual  
28 expenses necessarily incurred in the discharge of the duties of  
29 membership, including travel expenses. The powers of the authority  
30 shall be vested in the members thereof in office from time to time.  
31 Five members shall constitute a quorum of the authority for the  
32 purpose of conducting its business and exercising its powers and all  
33 other purposes. Action may be taken by the authority upon the  
34 affirmative vote of the majority, but not less than five of the  
35 members present, unless in any case the bylaws of the authority or  
36 State law or regulation shall require a larger number.

37 c. The authority shall select a chairman and a vice-chairman  
38 from among its Class III public members, and may employ an  
39 executive director, who may be its secretary.

40 d. Class II and Class IV members of the authority shall not be  
41 deemed to have an interest in the hospital solely by virtue of their  
42 membership on the medical staff of the hospital or their  
43 employment by or contract with a manager, and they shall not be  
44 subject to the provisions of subsections d. and e. of section 5 of  
45 P.L.1991, c.29 (C.40A:9-22.5) of the "Local Government Ethics  
46 Law."

47 e. A member of an authority may be removed by the governing  
48 body or officer by which he was appointed for inefficiency or

1 neglect of duty or misconduct in office; but only after the member  
2 has been given a copy of the charges at least 10 days prior to a  
3 hearing thereon and has had the opportunity to be heard in person or  
4 by counsel. In the event of a removal of any member of an  
5 authority, a record of the proceedings, together with the charges and  
6 findings thereon, shall be filed in the office of the clerk of the city,  
7 in the case of a municipal authority, or in the office of the clerk to  
8 the board of chosen freeholders, in the case of a county authority.

9 (cf: P.L.2006, c.46, s.5)

10  
11 5. Section 6 of P.L.2006, c.46 (C.30:9-23.20) is amended to  
12 read as follows:

13 6. a. **【The】** (1) A municipal authority shall exercise its  
14 powers and duties to manage and operate a hospital owned by it  
15 through a contract or contracts with a manager, which may be  
16 entered into without public advertising for bid as otherwise required  
17 pursuant to the provisions of section 3 of P.L.1971, c.198  
18 (C.40A:11-3); provided, however, that the primary responsibility of  
19 operating the hospital shall remain that of the authority.

20 (2) A county authority may exercise its powers and duties to  
21 manage, operate, and maintain a county hospital through a contract  
22 or contracts with a manager, which contract or contracts shall be  
23 entered into by competitive contracting pursuant to the "Local  
24 Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.);  
25 provided, however, that the primary responsibility of overseeing the  
26 management, operation, and maintenance of the hospital shall  
27 remain that of the authority.

28 b. (1) The initial duration of a contract entered into pursuant  
29 to paragraph (1) of subsection a. of this section shall not exceed five  
30 years. A contract entered into pursuant to **【this】** paragraph (1) of  
31 subsection a. of this section may be renewed for an additional  
32 period, not to exceed five years. A contract entered into pursuant to  
33 paragraph (1) of subsection a. of this section more than ten years  
34 from the date of the initial contract shall be negotiated as a new  
35 contract and not as a renewal contract.

36 (2) The initial duration of a contract entered into pursuant to  
37 paragraph (2) of subsection a. of this section shall not exceed a term  
38 of 20 years, provided, however, that a contract entered into pursuant  
39 to paragraph (2) of subsection a. of this section may be renewed for  
40 two additional periods, not to exceed five years each.

41 c. A contract, or a renewal thereof, with a manager to manage  
42 and operate a hospital **【owned by the authority】** shall be effective  
43 only with the prior written consent of the Local Finance Board,  
44 which shall consult with the Commissioner of Health and Senior  
45 Services. The Local Finance Board shall establish an application  
46 procedure, submission requirements, and set minimum standards  
47 and content that shall be included in any contract with **【a nonprofit】**

1 an entity to manage and operate a hospital **【owned by the**  
2 **authority】**.

3 A contract with a manager shall provide that, in addition to such  
4 other matters as determined to be necessary by the authority or as  
5 otherwise required by law or regulation:

6 (1) The authority or its agents, and the city or county or **【its】**  
7 the agents of the city or county, shall have independent access to  
8 the books and records of the hospital at all times; and

9 (2) **【The Governor of the State of New Jersey shall appoint an**  
10 **individual to serve on the board of directors of the manager during**  
11 **the term of the contract, including renewals; and】** (Deleted by  
12 amendment, P.L. \_\_\_\_\_, c. \_\_\_\_\_) (pending before the Legislature as this  
13 bill)

14 (3) Other than for routine, day-to-day business activities, the  
15 authority shall have the final determination regarding the  
16 acquisition and disposition of assets, or the incurring of debt or  
17 expenses.

18 d. When contracting with a manager, **【the authority shall**  
19 **approve】** the individuals that the manager proposes to designate as  
20 the hospital's chief executive officer and chief financial officer, by  
21 whatever title, and any change thereof, and **【shall also approve】** all  
22 contracts or other arrangements setting forth terms and conditions  
23 of employment for those positions shall be subject to the approval  
24 of the authority.

25 e. An authority shall take the following actions pursuant to any  
26 requirements that may be established by the Local Finance Board:

27 (1) adopt a management plan for the hospital, including  
28 monitoring and review methods of financial activities;

29 (2) set minimum requirements for meetings of the authority, and  
30 minimum attendance requirements for members;

31 (3) establish a formal mechanism for communication among the  
32 members of the authority's board, hospital administrators and  
33 medical staff;

34 (4) form a finance committee, which shall be responsible for the  
35 oversight of the finances of the authority, and delineate the duties  
36 and obligations of the finance committee; and

37 (5) include minimum provisions that shall be included in a  
38 contract with a manager. Such provisions shall include the  
39 submission of an annual budget of the hospital and of the  
40 **【nonprofit】** manager by the manager for the approval of the  
41 authority. The approval of these items shall be conditioned upon the  
42 approval of the authority's annual budget pursuant to the "Local  
43 Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et  
44 seq.). The budget and any supporting documents as may be required  
45 by the Division of Local Government Services shall be submitted to  
46 the division as part of the submission of the authority's annual  
47 budget.

48 (cf: P.L.2006, c.46, s.6)

1       6. Section 7 of P.L.2006, c.46 (C.30:9-23.21) is amended to  
2 read as follows:

3       7. a. Bonds or notes issued under **【this act】** P.L.2006, c.46  
4 (C.30:9-23.15 et al.) shall be issued and sold in the same manner,  
5 and subject to the same restrictions, as applicable to bonds of an  
6 authority authorized to be issued pursuant to the "municipal and  
7 county utilities authorities law," P.L.1957, c.183 (C.40:14B-1 et  
8 seq.), including specifically sections 25 through 33 (C.40:14B-25  
9 through C.40:14B-33).

10       An authority formed pursuant to P.L.2006, c.46 (C.30:9-23.15 et  
11 al.) shall be deemed to be a municipal authority for the purposes of  
12 sections 59, 62, 63, 64, and 65 of P.L.1957, c.183 (C.40:14B-59 and  
13 C.40:14B-62 through C.40:14B-65), and those sections shall be  
14 applicable to a **【municipal】** local hospital authority and its bonds as  
15 authorized pursuant to P.L.2006, c.46 (C.30:9-23.15 et al.).  
16 P.L.2006, c.46 (C.30:9-23.15 et al.) shall be construed liberally to  
17 effectuate the legislative intent and as complete and independent  
18 authority for the performance by a **【municipal】** local hospital  
19 authority of each and every act and thing herein authorized.

20       For purposes of P.L.2006, c.46 (C.30:9-23.15 et al.), "costs"  
21 means, in addition to the usual connotations thereof, the cost of  
22 acquisition or construction of all or any part of a hospital and of all  
23 or any property, rights, easements, privileges, or agreements  
24 deemed by the authority to be necessary or useful and convenient  
25 therefor or in connection therewith, including interest or discount  
26 on bonds, cost of issuance of bonds, and legal expenses, cost of  
27 financial, professional and other estimates and advice, organization,  
28 administrative, operating and other expenses of the authority or of a  
29 hospital owned by the authority prior to and during such acquisition  
30 or construction, and all such other expenses as may be necessary or  
31 incident to the financing, acquisition, construction and completion  
32 of the hospital, or any part thereof, and the placing of the same in  
33 operation, and also such provision or reserves for working capital,  
34 operating, maintenance or replacement expenses or for payment or  
35 security of principal of or interest on bonds during or after such  
36 acquisition or construction as the authority may determine, and also  
37 reimbursements to the authority or the city or the county of any  
38 moneys theretofore expended for the purposes of the authority. In  
39 addition, the issuance of any bonds or other instruments by a  
40 **【municipal】** local hospital authority shall be subject to the approval  
41 of the Local Finance Board in the Department of Community  
42 Affairs.

43       b. Contracts entered into between **【the】** a city and 【the】 an  
44 authority, or a county and an authority, pursuant to P.L.2006, c.46  
45 (C.30:9-23.15 et al.), may **【also】** contain provisions as to the  
46 financing and payment of expenses to be incurred by the authority  
47 and determined by it to be necessary for its purposes. Every such  
48 contract shall be authorized and entered into under and pursuant to



1 a resolution adopted by the authority and either an ordinance of the  
2 governing body of the city, or an ordinance or resolution of the  
3 governing body of the county, but the terms or text of the contract  
4 need not be set forth in full or stated in any such resolution or  
5 ordinance if the form of the contract is on file in the office of the  
6 municipal clerk or clerk to the board of chosen freeholders, as  
7 appropriate, and the place in fact of such filing is described in the  
8 resolution or ordinance. Any such contract may be made with or  
9 without consideration and for a specified or an unlimited time and  
10 on any terms and conditions which may be approved by or on  
11 behalf of the city or county and which may be agreed to by the  
12 authority in conformity with its contracts with the holders of any  
13 bonds or notes, and shall be valid whether or not an appropriation  
14 with respect thereto is made by the city or county prior to  
15 authorization or execution thereof. Every such city or county is  
16 hereby authorized and directed to do and perform any and all acts or  
17 things necessary, convenient or desirable to carry out and perform  
18 every such contract and to provide for the payment or discharge of  
19 any obligation thereunder in the same manner as other obligations  
20 of that city or county.

21 c. The city or county may unconditionally guarantee the  
22 punctual payment of the principal of and interest on any bonds or  
23 notes issued by the authority, in the same manner, and subject to the  
24 same restrictions, as municipal guarantees of bonds of an authority  
25 authorized to be issued pursuant to the "Parking Authority Law,"  
26 P.L.1948, c.198 (C.40:11A-1 et seq.).

27 d. The provisions of N.J.S.40A:2-11 shall not apply to any  
28 bond ordinance of the city or county authorizing bonds pursuant to  
29 P.L.2006, c.46 (C.30:9-23.15 et al.).

30 e. Notwithstanding any provision of **【this act】** P.L.2006, c.46  
31 (C.30:9-23.15 et al.) to the contrary, any investments of money by  
32 the authority shall be made consistent with the provisions of  
33 N.J.S.40A:5-1 et seq.

34 (cf: P.L.2006, c.46, s.7)

35

36 7. (New section) a. (1) A county hospital authority may  
37 enter into a contract with a private entity, subject to subsection f. of  
38 this section, to be referred to as a public-private partnership  
39 agreement, that permits the private entity to assume full financial  
40 and administrative responsibility for a project, provided that the  
41 project is financed in whole by the private entity and that the county  
42 or the county hospital authority retains full ownership of the land  
43 upon which the project is completed.

44 (2) As used in this section, "project" means the on-site  
45 construction, reconstruction, repair, alteration, improvement,  
46 extension, management, or operation of a building, structure, or  
47 facility of, or for the benefit of, a county hospital.

1 (3) A public-private partnership agreement may include an  
2 agreement under which a county hospital authority leases to a  
3 private entity, in whole or in part, the operation of a revenue-  
4 producing facility of a county hospital to which the county or the  
5 county hospital authority holds title, in exchange for up-front or  
6 structured financing by the private entity for the construction of a  
7 building, structure, or facility of, or for the benefit of, the hospital.  
8 Under the lease agreement, the county or county hospital authority  
9 shall continue to hold title to, and license of, the facility, and the  
10 private entity shall be responsible for the management, operation,  
11 and maintenance of the facility. The private entity shall receive  
12 some or all, as per the agreement, of the revenue generated by the  
13 facility and shall operate the facility in accordance with hospital  
14 standards. At the end of the lease term, subsequent revenue  
15 generated by the facility, along with management, operation, and  
16 maintenance responsibility, shall revert to the county or the county  
17 hospital authority.

18 b. (1) A private entity that assumes financial and  
19 administrative responsibility for a project pursuant to subsection a.  
20 of this section shall not be subject to the procurement and  
21 contracting requirements of any statute applicable to a county  
22 hospital authority, including the "Local Public Contracts Law,"  
23 P.L.1971, c.198 (C.40A:11-1 et seq.). For the purposes of  
24 facilitating the financing of a project pursuant to subsection a. of  
25 this section, a public entity:

26 (a) may become the owner or lessee of the project or the lessee  
27 of the land, or both,

28 (b) may become the lessee of a revenue-producing facility to  
29 which the county or the county hospital authority holds title,

30 (c) may issue indebtedness in accordance with the public  
31 entity's enabling legislation, and

32 (d) notwithstanding any provision of law to the contrary, shall  
33 be empowered to enter into contracts with a private entity and its  
34 affiliates without being subject to the procurement and contracting  
35 requirements of any statute applicable to the public entity provided  
36 that the private entity has been selected by the county hospital  
37 authority pursuant to a solicitation of proposals or qualifications.

38 (2) For the purposes of this section, a public entity shall include  
39 the New Jersey Health Care Facilities Financing Authority, and any  
40 project undertaken pursuant to subsection a. of this section of which  
41 the authority becomes the owner or lessee, or which is situated on  
42 land of which the authority becomes the lessee, shall be deemed a  
43 "project" under the "New Jersey Health Care Facilities Financing  
44 Authority Law," P.L.1972, c.29 (C.26:2I-1 et seq.).

45 (3) As the carrying out of any project described pursuant to this  
46 section constitutes the performance of an essential public function,  
47 a project predominantly used in furtherance of the purposes of a  
48 county hospital authority undertaken pursuant to this section,

1 provided it is owned by or leased to a public entity, non-profit  
2 business entity, foreign or domestic, or a business entity wholly  
3 owned by a non-profit business entity, shall at all times be exempt  
4 from property taxation and special assessments of the State, or any  
5 municipality, or other political subdivision of the State and,  
6 notwithstanding the provisions of section 15 of P.L.1974, c.80  
7 (C.34:1B-15), section 2 of P.L.1977, c.272 (C.54:4-2.2b), or any  
8 other section of law to the contrary, shall not be required to make  
9 payments in lieu of taxes. The land upon which a project is located  
10 shall also at all times be exempt from property taxation. Further,  
11 the project and land upon which the project is located shall not be  
12 subject to the provisions of section 1 of P.L.1984, c.176 (C.54:4-  
13 1.10) regarding the tax liability of private parties conducting for  
14 profit activities on tax exempt land, or section 1 of P.L.1949, c.177  
15 (C.54:4-2.3) regarding the taxation of leasehold interests in exempt  
16 property that are held by nonexempt parties.

17 c. Each worker employed in the construction, rehabilitation, or  
18 building maintenance services of facilities by a private entity that  
19 has entered into a public-private partnership agreement with a  
20 county hospital authority pursuant to subsection a. of this section  
21 shall be paid not less than the prevailing wage rate for the worker's  
22 craft or trade as determined by the Commissioner of Labor and  
23 Workforce Development pursuant to P.L.1963, c.150 (C.34:11-  
24 56.25 et seq.) and P.L.2005, c.379 (C.34:11-56.58 et seq.).

25 d. (1) A construction project under a public-private  
26 partnership agreement entered into pursuant to this section shall  
27 contain a project labor agreement. The project labor agreement  
28 shall be subject to the provisions of P.L.2002, c.44 (C.52:38-1 et  
29 seq.), and shall be in a manner that, to the greatest extent possible,  
30 enhances employment opportunities for individuals residing in the  
31 county of the project's location. The general contractor,  
32 construction manager, design-build team, or subcontractor for a  
33 construction project proposed in accordance with this paragraph  
34 shall be registered pursuant to the provisions of P.L.1999, c.238  
35 (C.34:11-56.48 et seq.), and shall be classified by the Division of  
36 Property Management and Construction to perform work on a  
37 public-private partnership hospital project. All construction projects  
38 proposed in accordance with this paragraph shall be submitted to  
39 the New Jersey Health Care Facilities Financing Authority for its  
40 review and approval and, when practicable, are encouraged to  
41 adhere to the Leadership in Energy and Environmental Design  
42 Green Building Rating System as adopted by the United States  
43 Green Building Council.

44 (2) Where no public fund has been established for the financing  
45 of a public improvement, the chief financial officer of the public  
46 owner shall require the private entity for whom the public  
47 improvement is being made to post, or cause to be posted, a bond  
48 guaranteeing prompt payment of moneys due to the contractor, his

1 or her subcontractors and to all persons furnishing labor or  
2 materials to the contractor or his or her subcontractors in the  
3 prosecution of the work on the public improvement.

4 e. A general contractor, construction manager, design-build  
5 team, or subcontractor shall be registered pursuant to the provisions  
6 of P.L.1999, c.238 (C.34:11-56.48 et seq.), and shall be classified  
7 by the Division of Property Management and Construction to  
8 perform work on a public-private partnership hospital project.

9 f. (1) All projects proposed in accordance with this section  
10 shall be submitted to the New Jersey Health Care Facilities  
11 Financing Authority for the authority's review and approval. The  
12 projects are encouraged, when practicable, to adhere to the green  
13 building manual prepared by the Commissioner of Community  
14 Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6).

15 (2) (a) In order for an application to be complete and  
16 considered by the authority, the application shall include, but not be  
17 limited to:

18 (i) a public-private partnership agreement between the county  
19 hospital authority and the private developer;

20 (ii) a full description of the project, including a description of  
21 any agreement for the lease of a revenue-producing facility related  
22 to the project;

23 (iii) the estimated costs and financial documentation for the  
24 project;

25 (iv) a timetable for completion of the project extending no more  
26 than five years after consideration and approval; and

27 (v) any other requirements that the authority deems appropriate  
28 or necessary.

29 (b) As part of the estimated costs and financial documentation  
30 for the project, the application shall contain a long-range  
31 maintenance plan and shall specify the expenditures that qualify as  
32 an appropriate investment in maintenance. The long-range  
33 maintenance plan shall be approved by the New Jersey Health Care  
34 Facilities Financing Authority pursuant to regulations promulgated  
35 by the authority that reflect national building maintenance standards  
36 and other appropriate building maintenance benchmarks. All  
37 contracts to implement a long-range maintenance plan pursuant to  
38 this paragraph shall contain a project labor agreement. The project  
39 labor agreement shall be subject to the provisions of P.L.2002, c.44  
40 (C.52:38-1 et seq.), and shall be in a manner that to the greatest  
41 extent possible enhances employment opportunities for individuals  
42 residing in the county of the project's location.

43 (3) The authority shall review all completed applications, and  
44 request additional information as is needed to make a complete  
45 assessment of the project. No project shall be undertaken until final  
46 approval has been granted by the New Jersey Health Care Facilities  
47 Financing Authority; provided, however, that the authority shall  
48 retain the right to revoke approval if it determines that the project

1 has deviated from the plan submitted pursuant to paragraph (2) of  
2 this subsection.

3 (4) The New Jersey Health Care Facilities Financing Authority  
4 may promulgate any rules and regulations necessary to implement  
5 this subsection, including provisions for fees to cover  
6 administrative costs.

7 g. Where no public fund has been established for the financing  
8 of a public improvement, the chief financial officer of the public  
9 owner shall require the private entity for whom the public  
10 improvement is being made to post, or cause to be posted, a bond  
11 guaranteeing prompt payment of moneys due to the contractor, his  
12 or her subcontractors and to all persons furnishing labor or  
13 materials to the contractor or his or her subcontractors in the  
14 prosecution of the work on the public improvement.

15 h. The provisions of P.L.2009, c.136 (C.52:18-42 et al.) shall  
16 not apply to any project carried out pursuant to this section.

17

18 8. Section 2 of P.L.1971, c.198 (C.40A:11-2) is amended to  
19 read as follows:

20 2. As used herein the following words have the following  
21 definitions, unless the context otherwise indicates:

22 (1) "Contracting unit" means:

23 (a) Any county; or

24 (b) Any municipality; or

25 (c) Any board, commission, committee, authority or agency,  
26 which is not a State board, commission, committee, authority,  
27 except as provided pursuant to P.L.2013, c.4, or agency, and which  
28 has administrative jurisdiction over any district other than a school  
29 district, project, or facility, included or operating in whole or in  
30 part, within the territorial boundaries of any county or municipality  
31 which exercises functions which are appropriate for the exercise by  
32 one or more units of local government, including functions  
33 exercised in relation to the administration and oversight of a  
34 tourism district located in a municipality in which authorized casino  
35 gaming occurs, and which has statutory power to make purchases  
36 and enter into contracts awarded by a contracting agent for the  
37 provision or performance of goods or services.

38 The term shall not include a private firm that has entered into a  
39 contract with a public entity for the provision of water supply  
40 services pursuant to P.L.1995, c.101 (C.58:26-19 et al.).

41 "Contracting unit" shall not include a private firm or public  
42 authority that has entered into a contract with a public entity for the  
43 provision of wastewater treatment services pursuant to P.L.1995,  
44 c.216 (C.58:27-19 et al.).

45 "Contracting unit" shall not include a duly incorporated nonprofit  
46 association that has entered into a contract with the governing body  
47 of a city of the first class for the provision of water supply services

1 or wastewater treatment services pursuant to section 2 of P.L.2002,  
2 c.47 (C.40A:11-5.1).

3 "Contracting unit" shall not include [a duly incorporated  
4 nonprofit] an entity that has entered into a contract for management  
5 and operation services with a [municipal] local hospital authority  
6 established pursuant to P.L.2006, c.46 (C.30:9-23.15 et al.).

7 (2) "Governing body" means:

8 (a) The governing body of the county, when the purchase is to  
9 be made or the contract or agreement is to be entered into by, or in  
10 behalf of, a county; or

11 (b) The governing body of the municipality, when the purchase  
12 is to be made or the contract or agreement is to be entered into by,  
13 or on behalf of, a municipality; or

14 (c) Any board, commission, committee, authority or agency of  
15 the character described in subsection (1) (c) of this section.

16 (3) "Contracting agent" means the governing body of a  
17 contracting unit, or appointed membership of a State authority  
18 authorized to enter into a cooperative purchasing agreement  
19 pursuant to P.L.2013, c.4, or its authorized designee, which has the  
20 power to prepare the advertisements, to advertise for and receive  
21 bids and, as permitted by this act, to make awards for the  
22 contracting unit in connection with purchases, contracts or  
23 agreements.

24 (4) "Purchase" means a transaction, for a valuable consideration,  
25 creating or acquiring an interest in goods, services and property,  
26 except real property or any interest therein.

27 (5) (Deleted by amendment, P.L.1999, c.440.)

28 (6) "Professional services" means services rendered or  
29 performed by a person authorized by law to practice a recognized  
30 profession, whose practice is regulated by law, and the performance  
31 of which services requires knowledge of an advanced type in a field  
32 of learning acquired by a prolonged formal course of specialized  
33 instruction and study as distinguished from general academic  
34 instruction or apprenticeship and training. Professional services  
35 may also mean services rendered in the provision or performance of  
36 goods or services that are original and creative in character in a  
37 recognized field of artistic endeavor.

38 (7) "Extraordinary unspecifiable services" means services which  
39 are specialized and qualitative in nature requiring expertise,  
40 extensive training and proven reputation in the field of endeavor.

41 (8) (Deleted by amendment, P.L.1999, c.440.)

42 (9) "Work" includes services and any other activity of a tangible  
43 or intangible nature performed or assumed pursuant to a contract or  
44 agreement with a contracting unit.

45 (10) "Homemaker--home health services" means at home  
46 personal care and home management provided to an individual or  
47 members of the individual's family who reside with the individual,  
48 or both, necessitated by the individual's illness or incapacity.

1 "Homemaker--home health services" includes, but is not limited to,  
2 the services of a trained homemaker.

3 (11) "Recyclable material" means those materials which would  
4 otherwise become municipal solid waste, and which may be  
5 collected, separated or processed and returned to the economic  
6 mainstream in the form of raw materials or products.

7 (12) "Recycling" means any process by which materials which  
8 would otherwise become solid waste are collected, separated or  
9 processed and returned to the economic mainstream in the form of  
10 raw materials or products.

11 (13) "Marketing" means the sale, disposition, assignment, or  
12 placement of designated recyclable materials with, or the granting  
13 of a concession to, a reseller, processor, materials recovery facility,  
14 or end-user of recyclable material, in accordance with a district  
15 solid waste management plan adopted pursuant to P.L.1970, c.39  
16 (C.13:1E-1 et seq.) and shall not include the collection of such  
17 recyclable material when collected through a system of routes by  
18 local government unit employees or under a contract administered  
19 by a local government unit.

20 (14) "Municipal solid waste" means, as appropriate to the  
21 circumstances, all residential, commercial and institutional solid  
22 waste generated within the boundaries of a municipality; or the  
23 formal collection of such solid wastes or recyclable material in any  
24 combination thereof when collected through a system of routes by  
25 local government unit employees or under a contract administered  
26 by a local government unit.

27 (15) "Distribution" (when used in relation to electricity) means  
28 the process of conveying electricity from a contracting unit that is a  
29 generator of electricity or a wholesale purchaser of electricity to  
30 retail customers or other end users of electricity.

31 (16) "Transmission" (when used in relation to electricity) means  
32 the conveyance of electricity from its point of generation to a  
33 contracting unit that purchases it on a wholesale basis for resale.

34 (17) "Disposition" means the transportation, placement, reuse,  
35 sale, donation, transfer or temporary storage of recyclable materials  
36 for all possible uses except for disposal as municipal solid waste.

37 (18) "Cooperative marketing" means the joint marketing by two  
38 or more contracting units of the source separated recyclable  
39 materials designated in a district recycling plan required pursuant to  
40 section 3 of P.L.1987, c.102 (C.13:1E-99.13) pursuant to a written  
41 cooperative agreement entered into by the participating contracting  
42 units thereof.

43 (19) "Aggregate" means the sums expended or to be expended  
44 for the provision or performance of any goods or services in  
45 connection with the same immediate purpose or task, or the  
46 furnishing of similar goods or services, during the same contract  
47 year through a contract awarded by a contracting agent.

1 (20) "Bid threshold" means the dollar amount set in section 3 of  
2 P.L.1971, c.198 (C.40A:11-3), above which a contracting unit shall  
3 advertise for and receive sealed bids in accordance with procedures  
4 set forth in P.L.1999, c.440 (C.40A:11-4.1 et al.).

5 (21) "Contract" means any agreement, including but not limited  
6 to a purchase order or a formal agreement, which is a legally  
7 binding relationship enforceable by law, between a vendor who  
8 agrees to provide or perform goods or services and a contracting  
9 unit which agrees to compensate a vendor, as defined by and subject  
10 to the terms and conditions of the agreement. A contract also may  
11 include an arrangement whereby a vendor compensates a  
12 contracting unit for the vendor's right to perform a service, such as,  
13 but not limited to, operating a concession.

14 (22) "Contract year" means the period of 12 consecutive months  
15 following the award of a contract.

16 (23) "Competitive contracting" means the method described in  
17 sections 1 through 5 of P.L.1999, c.440 (C.40A:11-4.1 thru 40A:11-  
18 4.5) of contracting for specialized goods and services in which  
19 formal proposals are solicited from vendors; formal proposals are  
20 evaluated by the purchasing agent or counsel or administrator; and  
21 the governing body awards a contract to a vendor or vendors from  
22 among the formal proposals received.

23 (24) "Goods and services" or "goods or services" means any  
24 work, labor, commodities, equipment, materials, or supplies of any  
25 tangible or intangible nature, except real property or any interest  
26 therein, provided or performed through a contract awarded by a  
27 contracting agent, including goods and property subject to  
28 N.J.S.12A:2-101 et seq.

29 (25) "Library and educational goods and services" means  
30 textbooks, copyrighted materials, student produced publications and  
31 services incidental thereto, including but not limited to books,  
32 periodicals, newspapers, documents, pamphlets, photographs,  
33 reproductions, microfilms, pictorial or graphic works, musical  
34 scores, maps, charts, globes, sound recordings, slides, films,  
35 filmstrips, video and magnetic tapes, other printed or published  
36 matter and audiovisual and other materials of a similar nature,  
37 necessary binding or rebinding of library materials, and specialized  
38 computer software used as a supplement or in lieu of textbooks or  
39 reference material.

40 (26) "Lowest price" means the least possible amount that meets  
41 all requirements of the request of a contracting agent.

42 (27) "Lowest responsible bidder or vendor" means the bidder or  
43 vendor: (a) whose response to a request for bids offers the lowest  
44 price and is responsive; and (b) who is responsible.

45 (28) "Official newspaper" means any newspaper designated by  
46 the contracting unit pursuant to R.S.35:1-1 et seq.

47 (29) "Purchase order" means a document issued by the  
48 contracting agent authorizing a purchase transaction with a vendor



1 to provide or perform goods or services to the contracting unit,  
2 which, when fulfilled in accordance with the terms and conditions  
3 of a request of a contracting agent and other provisions and  
4 procedures that may be established by the contracting unit, will  
5 result in payment by the contracting unit.

6 (30) "Purchasing agent" means the individual duly assigned the  
7 authority, responsibility, and accountability for the purchasing  
8 activity of the contracting unit, and who has such duties as are  
9 defined by an authority appropriate to the form and structure of the  
10 contracting unit, pursuant to P.L.1971, c.198 (C.40A:11-1 et seq.)  
11 and who possesses a qualified purchasing agent certificate.

12 (31) "Quotation" means the response to a formal or informal  
13 request made by a contracting agent by a vendor for provision or  
14 performance of goods or services, when the aggregate cost is less  
15 than the bid threshold. Quotations may be in writing, or taken  
16 verbally if a record is kept by the contracting agent.

17 (32) "Responsible" means able to complete the contract in  
18 accordance with its requirements, including but not limited to  
19 requirements pertaining to experience, moral integrity, operating  
20 capacity, financial capacity, credit, and workforce, equipment, and  
21 facilities availability.

22 (33) "Responsive" means conforming in all material respects to  
23 the terms and conditions, specifications, legal requirements, and  
24 other provisions of the request.

25 (34) "Public works" means building, altering, repairing,  
26 improving or demolishing any public structure or facility  
27 constructed or acquired by a contracting unit to house local  
28 government functions or provide water, waste disposal, power,  
29 transportation, and other public infrastructures.

30 (35) "Director" means the Director of the Division of Local  
31 Government Services in the Department of Community Affairs.

32 (36) "Administrator" means a municipal administrator appointed  
33 pursuant to N.J.S.40A:9-136 and N.J.S.40A:9-137; a business  
34 administrator, a municipal manager or a municipal administrator  
35 appointed pursuant to the "Optional Municipal Charter Law,"  
36 P.L.1950, c.210 (C.40:69A-1 et seq.); a municipal manager  
37 appointed pursuant to "the municipal manager form of government  
38 law," R.S.40:79-1 et seq.; or the person holding responsibility for  
39 the overall operations of an authority that falls under the "Local  
40 Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et  
41 seq.).

42 (37) "Concession" means the granting of a license or right to act  
43 for or on behalf of the contracting unit, or to provide a service  
44 requiring the approval or endorsement of the contracting unit, and  
45 which may or may not involve a payment or exchange, or provision  
46 of services by or to the contracting unit.

47 (38) "Index rate" means the rate of annual percentage increase,  
48 rounded to the nearest half-percent, in the Implicit Price Deflator

1 for State and Local Government Purchases of Goods and Services,  
2 computed and published quarterly by the United States Department  
3 of Commerce, Bureau of Economic Analysis.

4 (39) "Proprietary" means goods or services of a specialized  
5 nature, that may be made or marketed by a person or persons having  
6 the exclusive right to make or sell them, when the need for such  
7 goods or services has been certified in writing by the governing  
8 body of the contracting unit to be necessary for the conduct of its  
9 affairs.

10 (40) "Service or services" means the performance of work, or the  
11 furnishing of labor, time, or effort, or any combination thereof, not  
12 involving or connected to the delivery or ownership of a specified  
13 end product or goods or a manufacturing process. Service or  
14 services may also include an arrangement in which a vendor  
15 compensates the contracting unit for the vendor's right to operate a  
16 concession.

17 (41) "Qualified purchasing agent certificate" means a certificate  
18 granted by the director pursuant to section 9 of P.L.1971, c.198  
19 (C.40A:11-9).

20 (42) "Mistake" means, for a public works project, a clerical error  
21 that is an unintentional and substantial computational error or an  
22 unintentional omission of a substantial quantity of labor, material,  
23 or both, from the final bid computation.

24 (cf: P.L.2013, c.4, s.2)

25

26 9. Section 1 of P.L.1999, c.440 (C.40A:11-4.1) is amended to  
27 read as follows:

28 1. Notwithstanding the provisions of any law, rule or regulation  
29 to the contrary, competitive contracting may be used by local  
30 contracting units in lieu of public bidding for procurement of  
31 specialized goods and services the price of which exceeds the bid  
32 threshold, for the following purposes:

33 a. The purchase or licensing of proprietary computer software  
34 designed for contracting unit purposes, which may include  
35 hardware intended for use with the proprietary software. This  
36 subsection shall not be utilized for the purpose of acquiring general  
37 purpose computer hardware or software;

38 b. The hiring of a for-profit entity or a not-for-profit entity  
39 incorporated under Title 15A of the New Jersey Statutes for the  
40 purpose of:

41 (1) the operation and management of a wastewater treatment  
42 system or a water supply or distribution facility of the type  
43 described in subsection (37) of section 15 of P.L.1971, c.198  
44 (C.40A:11-15), provided that competitive contracting shall not be  
45 used as a means of awarding contracts pursuant to P.L.1985, c.37  
46 (C.58:26-1 et al.) and P.L.1985, c.72 (C.58:27-1 et al.);

47 (2) the operation, management or administration of recreation or  
48 social service facilities or programs, which shall not include the

1 administration of benefits under the Work First New Jersey  
 2 program established pursuant to P.L.1997, c.38 (C.44:10-55 et  
 3 seq.), or under General Assistance; **【or】**

4 (3) the operation, management or administration of data  
 5 processing services; or

6 (4) the operation and management of a hospital owned by a  
 7 county or a county authority pursuant to the “Local Hospital  
 8 Authority Law,” P.L.2006, c.46 (C.30:9-23.15 e al.);

9 c. (Deleted by amendment, P.L.2009, c.4).

10 d. Homemaker--home health services;

11 e. Laboratory testing services;

12 f. Emergency medical services;

13 g. Contracted food services;

14 h. Performance of patient care services by contracted medical  
 15 staff at county hospitals, correctional facilities and long-term care  
 16 facilities;

17 i. At the option of the governing body of the contracting unit,  
 18 any good or service that is exempt from bidding pursuant to section  
 19 5 of P.L.1971, c.198 (C.40A:11-5);

20 j. Concessions;

21 k. The operation, management or administration of other  
 22 services, with the approval of the Director of the Division of Local  
 23 Government Services;

24 l. Maintenance, custodial, and groundskeeping services;

25 m. Consulting services;

26 n. Emergency medical billing services;

27 o. Property appraisal services;

28 p. Reassessment or revaluation services;

29 q. Grant writing services;

30 r. Animal control services.

31 Any purpose included herein shall not be considered by a  
 32 contracting unit as an extraordinary unspecifiable service pursuant  
 33 to subparagraph (ii) of paragraph (a) of subsection (1) of section 5  
 34 of P.L.1971, c.198 (C.40A:11-5).

35 (cf: P.L.2015, c.95, s.25)

36

37 10. Section 15 of P.L.1971, c.198 (C.40A:11-15) is amended to  
 38 read as follows:

39 15. All contracts for the provision or performance of goods or  
 40 services shall be awarded for a period not to exceed 24 consecutive  
 41 months, except that contracts for professional services pursuant to  
 42 subparagraph (i) of paragraph (a) of subsection (1) of section 5 of  
 43 P.L.1971, c.198 (C.40A:11-5) shall be awarded for a period not to  
 44 exceed 12 consecutive months. Contracts may be awarded for  
 45 longer periods of time as follows:

46 (1) Supplying of:

47 (a) (Deleted by amendment, P.L.1996, c.113.)

48 (b) (Deleted by amendment, P.L.1996, c.113.)

1 (c) Thermal energy produced by a cogeneration facility, for use  
2 for heating or air conditioning or both, for any term not exceeding  
3 40 years, when the contract is approved by the Board of Public  
4 Utilities. For the purposes of this paragraph, "cogeneration" means  
5 the simultaneous production in one facility of electric power and  
6 other forms of useful energy such as heating or process steam;

7 (2) (Deleted by amendment, P.L.1977, c.53.)

8 (3) The collection and disposal of municipal solid waste, the  
9 collection and disposition of recyclable material, or the disposal of  
10 sewage sludge, for any term not exceeding in the aggregate, five  
11 years;

12 (4) The collection and recycling of methane gas from a sanitary  
13 landfill facility, for any term not exceeding 25 years, when the  
14 contract is in conformance with a district solid waste management  
15 plan approved pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.), and  
16 with the approval of the Division of Local Government Services in  
17 the Department of Community Affairs and the Department of  
18 Environmental Protection. The contracting unit shall award the  
19 contract to the highest responsible bidder, notwithstanding that the  
20 contract price may be in excess of the amount of any necessarily  
21 related administrative expenses; except that if the contract requires  
22 the contracting unit to expend funds only, the contracting unit shall  
23 award the contract to the lowest responsible bidder. The approval  
24 by the Division of Local Government Services of public bidding  
25 requirements shall not be required for those contracts exempted  
26 therefrom pursuant to section 5 of P.L.1971, c.198 (C.40A:11-5);

27 (5) Data processing service, for any term of not more than seven  
28 years;

29 (6) Insurance, including the purchase of insurance coverages,  
30 insurance consulting or administrative services, claims  
31 administration services and including participation in a joint self-  
32 insurance fund, risk management program or related services  
33 provided by a contracting unit insurance group, or participation in  
34 an insurance fund established by a local unit pursuant to  
35 N.J.S.40A:10-6, or a joint insurance fund established pursuant to  
36 P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of not more  
37 than three years;

38 (7) Leasing or servicing of (a) automobiles, motor vehicles,  
39 machinery, and equipment of every nature and kind, for a period not  
40 to exceed five years, or (b) machinery and equipment used in the  
41 generation of electricity by a municipal shared services energy  
42 authority established pursuant to section 4 of P.L.2015, c.129  
43 (C.40A:66-4), or a contracting unit engaged in the generation of  
44 electricity, for a period not to exceed 20 years; provided, however, a  
45 contract shall be awarded only subject to and in accordance with the  
46 rules and regulations promulgated by the Director of the Division of  
47 Local Government Services in the Department of Community  
48 Affairs;

- 1 (8) The supplying of any product or the rendering of any service  
2 by a company providing voice, data, transmission, or switching  
3 services for a term not exceeding five years;
- 4 (9) Any single project for the construction, reconstruction, or  
5 rehabilitation of any public building, structure, or facility, or any  
6 public works project, including the retention of the services of any  
7 architect or engineer in connection therewith, for the length of time  
8 authorized and necessary for the completion of the actual  
9 construction;
- 10 (10) The providing of food services for any term not exceeding  
11 three years;
- 12 (11) On-site inspections and plan review services undertaken by  
13 private agencies pursuant to the "State Uniform Construction Code  
14 Act," P.L.1975, c.217 (C.52:27D-119 et seq.) for any term of not  
15 more than three years;
- 16 (12) (Deleted by amendment, P.L.2009, c.4).
- 17 (13) (Deleted by amendment, P.L.1999, c.440.)
- 18 (14) (Deleted by amendment, P.L.1999, c.440.)
- 19 (15) Leasing of motor vehicles, machinery, and other equipment  
20 primarily used to fight fires, for a term not to exceed ten years,  
21 when the contract includes an option to purchase, subject to and in  
22 accordance with rules and regulations promulgated by the Director  
23 of the Division of Local Government Services in the Department of  
24 Community Affairs;
- 25 (16) The provision of water supply services or the designing,  
26 financing, construction, operation, or maintenance, or any  
27 combination thereof, of a water supply facility, or any component  
28 part or parts thereof, including a water filtration system, for a period  
29 not to exceed 40 years, when the contract for these services is  
30 approved by the Division of Local Government Services in the  
31 Department of Community Affairs, the Board of Public Utilities,  
32 and the Department of Environmental Protection pursuant to  
33 P.L.1985, c.37 (C.58:26-1 et al.), except that no approvals shall be  
34 required for those contracts otherwise exempted pursuant to  
35 subsection (30), (31), (34), (35) or (43) of this section. For the  
36 purposes of this subsection, "water supply services" means any  
37 service provided by a water supply facility; "water filtration  
38 system" means any equipment, plants, structures, machinery,  
39 apparatus, or land, or any combination thereof, acquired, used,  
40 constructed, rehabilitated, or operated for the collection,  
41 impoundment, storage, improvement, filtration, or other treatment  
42 of drinking water for the purposes of purifying and enhancing water  
43 quality and insuring its potability prior to the distribution of the  
44 drinking water to the general public for human consumption,  
45 including plants and works, and other personal property and  
46 appurtenances necessary for their use or operation; and "water  
47 supply facility" means and refers to the real property and the plants,  
48 structures, or interconnections between existing water supply

1 facilities, machinery and equipment and other property, real,  
2 personal, and mixed, acquired, constructed, or operated, or to be  
3 acquired, constructed, or operated, in whole or in part by or on  
4 behalf of a political subdivision of the State or any agency thereof,  
5 for the purpose of augmenting the natural water resources of the  
6 State and making available an increased supply of water for all  
7 uses, or of conserving existing water resources, and any and all  
8 appurtenances necessary, useful, or convenient for the collecting,  
9 impounding, storing, improving, treating, filtering, conserving, or  
10 transmitting of water and for the preservation and protection of  
11 these resources and facilities and providing for the conservation and  
12 development of future water supply resources;

13 (17) The provision of resource recovery services by a qualified  
14 vendor, the disposal of the solid waste delivered for disposal which  
15 cannot be processed by a resource recovery facility or the residual  
16 ash generated at a resource recovery facility, including hazardous  
17 waste and recovered metals and other materials for reuse, or the  
18 design, financing, construction, operation, or maintenance of a  
19 resource recovery facility for a period not to exceed 40 years when  
20 the contract is approved by the Division of Local Government  
21 Services in the Department of Community Affairs, and the  
22 Department of Environmental Protection pursuant to P.L.1985, c.38  
23 (C.13:1E-136 et al.); and when the resource recovery facility is in  
24 conformance with a district solid waste management plan approved  
25 pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.). For the purposes of  
26 this subsection, "resource recovery facility" means a solid waste  
27 facility constructed and operated for the incineration of solid waste  
28 for energy production and the recovery of metals and other  
29 materials for reuse; or a mechanized composting facility, or any  
30 other facility constructed or operated for the collection, separation,  
31 recycling, and recovery of metals, glass, paper, and other materials  
32 for reuse or for energy production; and "residual ash" means the  
33 bottom ash, fly ash, or any combination thereof, resulting from the  
34 combustion of solid waste at a resource recovery facility;

35 (18) The sale of electricity or thermal energy, or both, produced  
36 by a resource recovery facility for a period not to exceed 40 years  
37 when the contract is approved by the Board of Public Utilities, and  
38 when the resource recovery facility is in conformance with a district  
39 solid waste management plan approved pursuant to P.L.1970, c.39  
40 (C.13:1E-1 et seq.). For the purposes of this subsection, "resource  
41 recovery facility" means a solid waste facility constructed and  
42 operated for the incineration of solid waste for energy production  
43 and the recovery of metals and other materials for reuse; or a  
44 mechanized composting facility, or any other facility constructed or  
45 operated for the collection, separation, recycling, and recovery of  
46 metals, glass, paper, and other materials for reuse or for energy  
47 production;

1 (19) The provision of wastewater treatment services or the  
2 designing, financing, construction, operation, or maintenance, or  
3 any combination thereof, of a wastewater treatment system, or any  
4 component part or parts thereof, for a period not to exceed 40 years,  
5 when the contract for these services is approved by the Division of  
6 Local Government Services in the Department of Community  
7 Affairs and the Department of Environmental Protection pursuant to  
8 P.L.1985, c.72 (C.58:27-1 et al.), except that no approvals shall be  
9 required for those contracts otherwise exempted pursuant to  
10 subsection (36) or (43) of this section. For the purposes of this  
11 subsection, "wastewater treatment services" means any services  
12 provided by a wastewater treatment system, and "wastewater  
13 treatment system" means equipment, plants, structures, machinery,  
14 apparatus, or land, or any combination thereof, acquired, used,  
15 constructed, or operated for the storage, collection, reduction,  
16 recycling, reclamation, disposal, separation, or other treatment of  
17 wastewater or sewage sludge, or for the final disposal of residues  
18 resulting from the treatment of wastewater, including, but not  
19 limited to, pumping and ventilating stations, facilities, plants and  
20 works, connections, outfall sewers, interceptors, trunk lines, and  
21 other personal property and appurtenances necessary for their  
22 operation;

23 (20) The supplying of goods or services for the purpose of  
24 lighting public streets, for a term not to exceed five years;

25 (21) The provision of emergency medical services for a term not  
26 to exceed five years;

27 (22) Towing and storage contracts, awarded pursuant to  
28 paragraph u. of subsection (1) of section 5 of P.L.1971, c.198  
29 (C.40A:11-5) for any term not exceeding three years;

30 (23) Fuel for the purpose of generating electricity for a term not  
31 to exceed eight years;

32 (24) The purchase of electricity or administrative or dispatching  
33 services related to the transmission of electricity, from a supplier of  
34 electricity subject to the jurisdiction of a federal regulatory agency,  
35 from a qualifying small power producing facility or qualifying  
36 cogeneration facility, as defined by 16 U.S.C. s.796, or from any  
37 supplier of electricity within any regional transmission organization  
38 or independent system operator or from an organization or operator  
39 or their successors, by a contracting unit engaged in the generation  
40 of electricity for retail sale, as of May 24, 1991, for a term not to  
41 exceed 40 years, or by a contracting unit engaged solely in the  
42 distribution of electricity for retail sale for a term not to exceed ten  
43 years, except that a contract with a contracting unit, engaged solely  
44 in the distribution of electricity for retail sale, in excess of ten  
45 years, shall require the written approval of the Director of the  
46 Division of Local Government Services. If the director fails to  
47 respond in writing to the contracting unit within 10 business days,  
48 the contract shall be deemed approved;

- 1 (25) Basic life support services, for a period not to exceed five  
2 years. For the purposes of this subsection, "basic life support"  
3 means a basic level of prehospital care, which includes but need not  
4 be limited to patient stabilization, airway clearance,  
5 cardiopulmonary resuscitation, hemorrhage control, initial wound  
6 care, and fracture stabilization;
- 7 (26) (Deleted by amendment, P.L.1999, c.440.)
- 8 (27) The provision of transportation services to an elderly  
9 person, an individual with a disability, or an indigent person for any  
10 term of not more than three years. For the purposes of this  
11 subsection, "elderly person" means a person who is 60 years of age  
12 or older. "Individual with a disability" means a person of any age  
13 who, by reason of illness, injury, age, congenital malfunction, or  
14 other permanent or temporary incapacity or disability, are unable,  
15 without special facilities or special planning or design to utilize  
16 mass transportation facilities and services as effectively as persons  
17 who are not so affected. "Indigent person " means a person of any  
18 age whose income does not exceed 100 percent of the poverty level,  
19 adjusted for family size, established and adjusted under section  
20 673(2) of subtitle B, the "Community Services Block Grant Act,"  
21 Pub.L.97-35 (42 U.S.C. s.9902 (2));
- 22 (28) The supplying of liquid oxygen or other chemicals, for a  
23 term not to exceed five years, when the contract includes the  
24 installation of tanks or other storage facilities by the supplier, on or  
25 near the premises of the contracting unit;
- 26 (29) The performance of patient care services by contracted  
27 medical staff at county hospitals, correction facilities, and long term  
28 care facilities, for any term of not more than three years;
- 29 (30) The acquisition of an equitable interest in a water supply  
30 facility pursuant to section 2 of P.L.1993, c.381 (C.58:28-2), or a  
31 contract entered into pursuant to the "County and Municipal Water  
32 Supply Act," N.J.S.40A:31-1 et seq., if the contract is entered into  
33 no later than January 7, 1995, for any term of not more than forty  
34 years;
- 35 (31) The provision of water supply services or the financing,  
36 construction, operation, or maintenance or any combination thereof,  
37 of a water supply facility or any component part or parts thereof, by  
38 a partnership or copartnership established pursuant to a contract  
39 authorized under section 2 of P.L.1993, c.381 (C.58:28-2), for a  
40 period not to exceed 40 years;
- 41 (32) Laundry service and the rental, supply, and cleaning of  
42 uniforms for any term of not more than three years;
- 43 (33) The supplying of any product or the rendering of any  
44 service, including consulting services, by a cemetery management  
45 company for the maintenance and preservation of a municipal  
46 cemetery operating pursuant to the "New Jersey Cemetery Act,"  
47 N.J.S.8A:1-1 et seq., for a term not exceeding 15 years;



- 1 (34) A contract between a public entity and a private firm  
2 pursuant to P.L.1995, c.101 (C.58:26-19 et al.) for the provision of  
3 water supply services may be entered into for any term which, when  
4 all optional extension periods are added, may not exceed 40 years;
- 5 (35) A contract for the purchase of a supply of water from a  
6 public utility company subject to the jurisdiction of the Board of  
7 Public Utilities in accordance with tariffs and schedules of charges  
8 made, charged or exacted or contracts filed with the Board of Public  
9 Utilities, for any term of not more than 40 years;
- 10 (36) A contract between a public entity and a private firm or  
11 public authority pursuant to P.L.1995, c.216 (C.58:27-19 et al.) for  
12 the provision of wastewater treatment services may be entered into  
13 for any term of not more than 40 years, including all optional  
14 extension periods;
- 15 (37) The operation and management of a facility under a license  
16 issued or permit approved by the Department of Environmental  
17 Protection, including a wastewater treatment system or a water  
18 supply or distribution facility, as the case may be, for any term of  
19 not more than ten years. For the purposes of this subsection,  
20 "wastewater treatment system" refers to facilities operated or  
21 maintained for the storage, collection, reduction, disposal, or other  
22 treatment of wastewater or sewage sludge, remediation of  
23 groundwater contamination, stormwater runoff, or the final disposal  
24 of residues resulting from the treatment of wastewater; and "water  
25 supply or distribution facility" refers to facilities operated or  
26 maintained for augmenting the natural water resources of the State,  
27 increasing the supply of water, conserving existing water resources,  
28 or distributing water to users;
- 29 (38) Municipal solid waste collection from facilities owned by  
30 a contracting unit, for any term of not more than three years;
- 31 (39) Fuel for heating purposes, for any term of not more than  
32 three years;
- 33 (40) Fuel or oil for use in motor vehicles for any term of not  
34 more than three years;
- 35 (41) Plowing and removal of snow and ice for any term of not  
36 more than three years;
- 37 (42) Purchases made under a contract awarded by the Director  
38 of the Division of Purchase and Property in the Department of the  
39 Treasury for use by counties, municipalities, or other contracting  
40 units pursuant to section 3 of P.L.1969, c.104 (C.52:25-16.1), for a  
41 term not to exceed the term of that contract;
- 42 (43) A contract between the governing body of a city of the first  
43 class and a duly incorporated nonprofit association for the provision  
44 of water supply services as defined in subsection (16) of this  
45 section, or wastewater treatment services as defined in subsection  
46 (19) of this section, may be entered into for a period not to exceed  
47 40 years;

1 (44) The purchase of electricity generated through class I  
2 renewable energy or from a power production facility that is fueled  
3 by methane gas extracted from a landfill in the county of the  
4 contracting unit for any term not exceeding 25 years;

5 (45) The provision or performance of goods or services for the  
6 purpose of producing class I renewable energy or class II renewable  
7 energy, as those terms are defined in section 3 of P.L.1999, c.23  
8 (C.48:3-51), at, or adjacent to, buildings owned by, or operations  
9 conducted by, the contracting unit, the entire price of which is to be  
10 established as a percentage of the resultant savings in energy costs,  
11 for a term not to exceed 15 years; provided, however, that a contract  
12 shall be entered into only subject to and in accordance with  
13 guidelines promulgated by the Board of Public Utilities establishing  
14 a methodology for computing energy cost savings and energy  
15 generation costs; **[and]**

16 (46) A power supply contract, as defined pursuant to section 3  
17 of P.L.2015, c.129 (C.40A:66-3), between a member municipality  
18 as defined pursuant to section 3 of P.L.2015, c.129 (C.40A:66-3),  
19 and the municipal shared services energy authority established  
20 pursuant to the provisions of P.L.2015, c.129 (C.40A:66-1 et al.) to  
21 meet the electric power needs of its members, for the lease,  
22 operation, or management of electric generation within a member  
23 municipality's corporate limits and franchise area or the purchase of  
24 electricity, or the purchase of fuel for generating units for a term not  
25 to exceed 40 years; and

26 (47) A contract entered into pursuant to paragraph (2) of  
27 subsection a. of section 6 of P.L.2006, c.46 (C.30:9-23.20) between  
28 a county hospital authority and a manager for the management,  
29 operation, and maintenance of a hospital owned by the authority or  
30 the county for a term not to exceed 20 years, provided, however,  
31 that a contract entered into pursuant to paragraph (2) of subsection  
32 a. of section 6 of P.L.2006, c.46 (C.30:9-23.20) may be renewed for  
33 two additional periods, not to exceed five years each.

34 Any contract for services other than professional services, the  
35 statutory length of which contract is for three years or less, may  
36 include provisions for no more than one two-year, or two one-year,  
37 extensions, subject to the following limitations: a. The contract  
38 shall be awarded by resolution of the governing body upon a  
39 finding by the governing body that the services are being performed  
40 in an effective and efficient manner; b. No contract shall be  
41 extended so that it runs for more than a total of five consecutive  
42 years; c. Any price change included as part of an extension shall be  
43 based upon the price of the original contract as cumulatively  
44 adjusted pursuant to any previous adjustment or extension and shall  
45 not exceed the change in the index rate for the 12 months preceding  
46 the most recent quarterly calculation available at the time the  
47 contract is renewed; and d. The terms and conditions of the contract  
48 remain substantially the same.

1 All multiyear leases and contracts entered into pursuant to this  
2 section, including any two-year or one-year extensions, except  
3 contracts involving the supplying of electricity for the purpose of  
4 lighting public streets and contracts for thermal energy authorized  
5 pursuant to subsection (1) above, construction contracts authorized  
6 pursuant to subsection (9) above, contracts for the provision or  
7 performance of goods or services or the supplying of equipment to  
8 promote energy conservation through the production of class I  
9 renewable energy or class II renewable energy authorized pursuant  
10 to subsection (45) above, contracts for water supply services or for  
11 a water supply facility, or any component part or parts thereof  
12 authorized pursuant to subsection (16), (30), (31), (34), (35), (37),  
13 or (43) above, contracts for resource recovery services or a resource  
14 recovery facility authorized pursuant to subsection (17) above,  
15 contracts for the sale of energy produced by a resource recovery  
16 facility authorized pursuant to subsection (18) above, contracts for  
17 wastewater treatment services or for a wastewater treatment system  
18 or any component part or parts thereof authorized pursuant to  
19 subsection (19), (36), (37), or (43) above, and contracts for the  
20 purchase of electricity or administrative or dispatching services  
21 related to the transmission of electricity authorized pursuant to  
22 subsection (24) above, contracts for the purchase of electricity  
23 generated from a power production facility that is fueled by  
24 methane gas authorized pursuant to subsection (44) above, and  
25 power supply contracts authorized pursuant to subsection (46)  
26 respectively, shall contain a clause making them subject to the  
27 availability and appropriation annually of sufficient funds as may  
28 be required to meet the extended obligation, or contain an annual  
29 cancellation clause.

30 The Division of Local Government Services in the Department  
31 of Community Affairs shall adopt and promulgate rules and  
32 regulations concerning the methods of accounting for all contracts  
33 that do not coincide with the fiscal year.

34 All contracts shall cease to have effect at the end of the  
35 contracted period and shall not be extended by any mechanism or  
36 provision, unless in conformance with the "Local Public Contracts  
37 Law," P.L.1971, c.198 (C.40A:11-1 et seq.), except that a contract  
38 may be extended by mutual agreement of the parties to the contract  
39 when a contracting unit has commenced rebidding prior to the time  
40 the contract expires or when the awarding of a contract is pending  
41 at the time the contract expires.

42 (cf: P.L.2015, c.129, s.29)

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44 11. This act shall take effect immediately.

## STATEMENT

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This bill would amend the "Municipal Hospital Authority Law," P.L.2006, c.46 (C.30:9-23.15 et al.), to allow certain counties to create a hospital authority. In so doing, the bill would change the title of the law to be the "Local Hospital Authority Law." Currently, this law is only available to municipalities that are classified as cities pursuant to N.J.S.A. 40A:6-4. The bill would allow a county that owns an 800-bed hospital to create a hospital authority. The bill would amend current law in several ways. The purpose of a county hospital authority would be to operate and maintain a county hospital for the county.

Under the bill, a county hospital authority may exercise its powers and duties to manage, operate, and maintain a county hospital through a contract or contracts with a manager. The bill provides that management contracts are entered into by competitive contracting pursuant to the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.). Management contracts could be entered into for a 20-year term, and could be renewed for two five year terms. The bill provides that despite the existence of a management entity, the hospital authority would remain primarily responsible for operating the county hospital.

The bill specifies the composition and manner of appointment of members to boards of local hospital authorities. Additionally, the bill provides that the Governor would appoint an individual to the board of directors of each entity which contracts with a local hospital authority to operate and manage a hospital. The gubernatorial appointee would be a physician who is licensed to practice medicine and surgery in the State and who is knowledgeable about, or has clinical experience in, the field of chemical dependency or addiction-oriented psychiatry.

The bill would supplement current law by authorizing a county hospital authority to enter into a public-private partnership agreement with a private entity to undertake certain types of projects to benefit a county hospital. This section of the bill is based upon a provision of current law that allows a State college or a county college to enter into a public-private partnership contract with a private entity.

# ASSEMBLY BUDGET COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 3951

# STATE OF NEW JERSEY

DATED: JUNE 23, 2016

The Assembly Budget Committee reports favorably Assembly Bill No. 3951.

This bill amends the "Municipal Hospital Authority Law," P.L.2006, c.46 (C.30:9-23.15 et al.), to allow certain counties to create a hospital authority. In so doing, the bill would change the title of the law to be the "Local Hospital Authority Law." Currently, this law is only available to municipalities that are classified as cities pursuant to N.J.S.A. 40A:6-4. This bill allows a county that owns an 800-bed hospital to create a hospital authority. The bill amends current law in several ways. The purpose of a county hospital authority is to operate and maintain a county hospital for the county.

The bill provides that a county hospital authority may exercise its powers and duties to manage, operate, and maintain a county hospital through a contract or contracts with a manager. The bill provides that management contracts are entered into by competitive contracting pursuant to the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.). Management contracts could be entered into for a 20-year term, and could be renewed for two five year terms. The bill provides that despite the existence of a management entity, the hospital authority would remain primarily responsible for operating the county hospital.

The bill specifies the composition and manner of appointment of members to boards of local hospital authorities. Additionally, the bill provides that the Governor would appoint an individual to the board of directors of each entity which contracts with a local hospital authority to operate and manage a hospital. The gubernatorial appointee would be a physician who is licensed to practice medicine and surgery in the State and who is knowledgeable about, or has clinical experience in, the field of chemical dependency or addiction-oriented psychiatry.

The bill supplements current law by authorizing a county hospital authority to enter into a public-private partnership agreement with a private entity to undertake certain types of projects to benefit a county hospital. This section of the bill is based upon a provision of current law that allows a State college or

a county college to enter into a public-private partnership contract with a private entity.

**FISCAL IMPACT:**

This bill has not been certified as requiring a fiscal note.

**SENATE BILL NO. 2361**

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2361 with my recommendations for reconsideration.

This bill seeks to amend the "Municipal Hospital Authority Law," P.L.2006, c.46 (C.30:9-23.15 et al.) and re-title it the "Local Hospital Authority Law." The bill would allow a county that owns a hospital with at least 800 licensed beds to create a county hospital authority. Under the bill, a county hospital authority will be permitted to own, operate, and maintain a county hospital, and, among other things, enter into a long-term contract with a private entity to manage a county hospital. I have no objection to the establishment of county hospital authorities for this purpose. Indeed, a single-purpose authority is likely necessary to oversee the State's largest, publicly-owned hospitals.

In addition, the bill permits a county hospital authority to enter into public-private partnerships ("P3s"). I am steadfast in my support of the use of P3s because they are efficient and prudent tools that create flexibility for public entities by relieving funding burdens on institutional budgets. P3s are particularly appropriate in the county hospital setting to facilitate necessary capital improvements and financial investments. The ability to finance significant capital improvements for a county hospital through a P3 will alleviate the financial impacts on the county and its taxpayers.

However, the bill also proposes other, problematic reforms that are nowhere mentioned in the bill's title, and which are not a matter of sound policy, including mandates regarding prevailing wage and project labor agreements.

As the sponsors are aware, I have been strongly opposed to such directives throughout my Administration and re-affirm my objections here.

Accordingly, I herewith return Senate Bill No. 2361 and recommend that it be amended as follows:

- Page 2, Section 2, Line 41: After "owned" insert ", operated, or maintained"
- Page 2, Section 2, Line 41: After "by" insert "or on behalf of"
- Page 2, Section 2, Line 42: After "by" insert "or on behalf of"
- Page 3, Section 2, Line 4: Delete "and Senior Services"
- Page 4, Section 3, Line 31: After "hospital." insert "Nothing in P.L.2006, c.46 (C.30:9-23.15 et al.) or any other state statute or regulation shall require that a county hospital authority hold any facility license to accomplish any of the objectives of P.L.2006, c.46 (C.30:9-23.15 et al.) or for a hospital to be designated a "county hospital" or to prohibit the right to apply for a license by any operator. Further, nothing herein or any action taken in accordance with P.L.2006, c.46 (C.30:9-23.15 et al.) shall affect a county hospital's designation or ability to operate, manage, or obtain reimbursement as a county hospital, as provided by New Jersey law."
- Page 6, Section 3, Line 5: After "contracts" insert ", including through a joint venture,"
- Page 7, Section 4, Line 2: Delete ", with the advice and consent of the"
- Page 7, Section 4, Line 3: Delete "Senate"
- Page 7, Section 4, Line 15: Delete "with the advice and consent of the"
- Page 7, Section 4, Line 16: Delete "Senate,"
- Page 7, Section 4, Lines 20-21: Delete "The hospital's chief executive officer or a designee thereof shall serve as a nonvoting Class IV member." and insert "There shall be two



	nonvoting Class IV members of a local hospital authority."
<u>Page 7, Section 4, Line 22:</u>	Delete "one individual" and insert "two individuals"
<u>Page 7, Section 4, Line 22:</u>	Delete "a"
<u>Page 7, Section 4, Line 23:</u>	Delete "member" and insert "members"
<u>Page 8, Section 5, Line 24:</u>	Delete ";" and insert "."
<u>Page 8, Section 5, Lines 25-27:</u>	Delete in their entirety
<u>Page 8, Section 5, Line 37:</u>	After "exceed" delete "a term" and insert "the term provided for in subsection (47) of section 15 of P.L.1971, c.198 (C.40A:11-15)."
<u>Page 8, Section 5, Lines 38-40:</u>	Delete in their entirety
<u>Page 9, Section 5, Line 8:</u>	After "times," delete "and"
<u>Page 9, Section 5, Lines 9-13:</u>	Delete in their entirety and insert "(2) The Governor of the State of New Jersey shall appoint an individual to serve on the board of directors of the manager during the term of the contract, including renewals; and"
<u>Page 11, Section 7, Line 41:</u>	After "whole" insert "or in part"
<u>Page 12, Section 7, Line 9:</u>	After "hold title to" insert "the facility"
<u>Page 12, Section 7, Line 9:</u>	Before "license" insert "may continue to hold the"
<u>Page 12, Section 7, Line 9:</u>	After "license of" delete ", "
<u>Page 12, Section 7, Line 11:</u>	After "facility." insert "A county or county hospital authority is permitted, in its discretion, to assign the right to apply for or acquire the license for the facility to the private entity, provided the county or county hospital authority obtains covenants and conditions from the private entity for the management, operation, or maintenance of the facility."
<u>Page 13, Section 7, Lines 17-24:</u>	Delete in their entirety and insert "c. The general contractor, construction

manager, design-build team, or subcontractor for a project proposed in accordance with this section shall be classified by the Division of Property Management and Construction to perform work on a public-private partnership hospital project."

Page 13, Section 7, Line 25:

Delete "A construction project under a public-private partnership"

Page 13, Section 7, Lines 26-36:

Delete in their entirety

Page 13, Section 7, Line 37:

Delete "partnership hospital project. All construction projects" and insert "Projects"

Page 13, Section 7, Line 38:

Delete "paragraph" and insert "section"

Page 14, Section 7, Line 35:

Delete "All"

Page 14, Section 7, Lines 36-41:

Delete in their entirety

Page 16, Section 8, Line 9:

Delete "in" and insert "on"

Page 21, Section 9, Line 6:

After "of a" insert "county"

Page 21, Section 9, Lines 6-7:

Delete "owned by a county or a county authority"

[seal]

Respectfully,

/s/ Chris Christie

Governor

Attest:

/s/ Thomas P. Scrivo

Chief Counsel to the Governor

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## Governor Chris Christie Takes Action On Pending Legislation

Wednesday, September 21, 2016   Tags: [Bill Action](#)

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Trenton, NJ – Governor Chris Christie announced that he has taken action on the following legislation:

**BILL SIGNING:**

**S-2361wGR/A-3951 (Weinberg, Sarlo, Gordon/Vainieri Huttle, Lagana, Eustace, Caride, Mukherji, Schepisi) -**  
Authorizes certain county to establish county hospital authority; amends title of "Municipal Hospital Authority Law"

###

**Press Contact:**  
Brian Murray  
609-777-2600



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