

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: Yes

Committee meeting of Assembly Transportation and Independent Authorities Committee : the Committee will take testimony from invited guests concerning the operation of ferry services and subsidization of those services, including the subsidy provided for ferry service connecting the Atlantic Highlands with Jersey City and Hoboken [September 18, 2017, Hoboken, New Jersey]

Call number: 974.90 T764, 2017]

Available online at <http://hdl.handle.net/10929/44561>

NEWSPAPER ARTICLES: No

RWH

P.L. 2019, CHAPTER 79, *approved May 2, 2019*
Assembly, No. 4897 (*First Reprint*)

1 **AN ACT** concerning the duration and prevailing wage requirements
2 of certain local public contracts and amending P.L.1971, c.198.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 15 of P.L.1971, c.198 (C.40A:11-15) is amended to
8 read as follows:

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

16 (1) Supplying of:

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

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

19 (c) Thermal energy produced by a cogeneration facility, for use
20 for heating or air conditioning or both, for any term not exceeding
21 40 years, when the contract is approved by the Board of Public
22 Utilities.

23 For the purposes of this paragraph, "cogeneration" means the
24 simultaneous production in one facility of electric power and other
25 forms of useful energy such as heating or process steam;

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

27 (3) The collection and disposal of municipal solid waste, the
28 collection and disposition of recyclable material, or the disposal of
29 sewage sludge, for any term not exceeding in the aggregate, five
30 years;

31 (4) The collection and recycling of methane gas from a sanitary
32 landfill facility, for any term not exceeding 25 years, when the
33 contract is in conformance with a district solid waste management
34 plan approved pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.), and
35 with the approval of the Division of Local Government Services in
36 the Department of Community Affairs and the Department of
37 Environmental Protection. The contracting unit shall award the
38 contract to the highest responsible bidder, notwithstanding that the
39 contract price may be in excess of the amount of any necessarily
40 related administrative expenses; except that if the contract requires
41 the contracting unit to expend funds only, the contracting unit shall

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:

¹Assembly ATR committee amendments adopted February 14, 2019.

1 award the contract to the lowest responsible bidder. The approval
2 by the Division of Local Government Services of public bidding
3 requirements shall not be required for those contracts exempted
4 therefrom pursuant to section 5 of P.L.1971, c.198 (C.40A:11-5);

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

7 (6) Insurance, including the purchase of insurance coverages,
8 insurance consulting or administrative services, claims
9 administration services **[and]**, including participation in a joint
10 self-insurance fund, risk management program or related services
11 provided by a contracting unit insurance group, or participation in
12 an insurance fund established by a local unit pursuant to
13 N.J.S.40A:10-6, or a joint insurance fund established pursuant to
14 P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of not more
15 than three years;

16 (7) Leasing or servicing of (a) automobiles, motor vehicles,
17 machinery, and equipment of every nature and kind, for a period not
18 to exceed five years, or (b) machinery and equipment used in the
19 generation of electricity by a municipal shared services energy
20 authority established pursuant to section 4 of P.L.2015, c.129
21 (C.40A:66-4), or a contracting unit engaged in the generation of
22 electricity, for a period not to exceed 20 years; provided, however, a
23 contract shall be awarded only subject to and in accordance with the
24 rules and regulations promulgated by the Director of the Division of
25 Local Government Services in the Department of Community
26 Affairs;

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

30 (9) Any single project for the construction, reconstruction, or
31 rehabilitation of any public building, structure, or facility, or any
32 public works project, including the retention of the services of any
33 architect or engineer in connection therewith, for the length of time
34 authorized and necessary for the completion of the actual
35 construction;

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

38 (11) On-site inspections and plan review services undertaken by
39 private agencies pursuant to the "State Uniform Construction Code
40 Act," P.L.1975, c.217 (C.52:27D-119 et seq.) for any term of not
41 more than three years;

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

43 (13) (Deleted by amendment, P.L.1999, c.440.)

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

45 (15) Leasing of motor vehicles, machinery, and other
46 equipment primarily used to fight fires, for a term not to exceed ten
47 years, when the contract includes an option to purchase, subject to
48 and in accordance with rules and regulations promulgated by the

1 Director of the Division of Local Government Services in the
2 Department of Community Affairs;

3 (16) The provision of water supply services or the designing,
4 financing, construction, operation, or maintenance, or any
5 combination thereof, of a water supply facility, or any component
6 part or parts thereof, including a water filtration system, for a period
7 not to exceed 40 years, when the contract for these services is
8 approved by the Division of Local Government Services in the
9 Department of Community Affairs, the Board of Public Utilities,
10 and the Department of Environmental Protection pursuant to
11 P.L.1985, c.37 (C.58:26-1 et al.), except that no approvals shall be
12 required for those contracts otherwise exempted pursuant to
13 subsection (30), (31), (34), (35) or (43) of this section.

14 For the purposes of this subsection, "water supply services"
15 means any service provided by a water supply facility; "water
16 filtration system" means any equipment, plants, structures,
17 machinery, apparatus, or land, or any combination thereof,
18 acquired, used, constructed, rehabilitated, or operated for the
19 collection, impoundment, storage, improvement, filtration, or other
20 treatment of drinking water for the purposes of purifying and
21 enhancing water quality and insuring its potability prior to the
22 distribution of the drinking water to the general public for human
23 consumption, including plants and works, and other personal
24 property and appurtenances necessary for their use or operation; and
25 "water supply facility" means and refers to the real property and the
26 plants, structures, or interconnections between existing water
27 supply facilities, machinery and equipment and other property, real,
28 personal, and mixed, acquired, constructed, or operated, or to be
29 acquired, constructed, or operated, in whole or in part by or on
30 behalf of a political subdivision of the State or any agency thereof,
31 for the purpose of augmenting the natural water resources of the
32 State and making available an increased supply of water for all
33 uses, or of conserving existing water resources, and any and all
34 appurtenances necessary, useful, or convenient for the collecting,
35 impounding, storing, improving, treating, filtering, conserving, or
36 transmitting of water and for the preservation and protection of
37 these resources and facilities and providing for the conservation and
38 development of future water supply resources;

39 (17) The provision of resource recovery services by a qualified
40 vendor, the disposal of the solid waste delivered for disposal which
41 cannot be processed by a resource recovery facility or the residual
42 ash generated at a resource recovery facility, including hazardous
43 waste and recovered metals and other materials for reuse, or the
44 design, financing, construction, operation, or maintenance of a
45 resource recovery facility for a period not to exceed 40 years when
46 the contract is approved by the Division of Local Government
47 Services in the Department of Community Affairs, and the
48 Department of Environmental Protection pursuant to P.L.1985, c.38

1 (C.13:1E-136 et al.); and when the resource recovery facility is in
2 conformance with a district solid waste management plan approved
3 pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.).

4 For the purposes of this subsection, "resource recovery facility"
5 means a solid waste facility constructed and operated for the
6 incineration of solid waste for energy production and the recovery
7 of metals and other materials for reuse[;] or a mechanized
8 composting facility, or any other facility constructed or operated for
9 the collection, separation, recycling, and recovery of metals, glass,
10 paper, and other materials for reuse or for energy production; and
11 "residual ash" means the bottom ash, fly ash, or any combination
12 thereof, resulting from the combustion of solid waste at a resource
13 recovery facility;

14 (18) The sale of electricity or thermal energy, or both, produced
15 by a resource recovery facility for a period not to exceed 40 years
16 when the contract is approved by the Board of Public Utilities, and
17 when the resource recovery facility is in conformance with a district
18 solid waste management plan approved pursuant to
19 P.L.1970, c.39 (C.13:1E-1 et seq.).

20 For the purposes of this subsection, "resource recovery facility"
21 means a solid waste facility constructed and operated for the
22 incineration of solid waste for energy production and the recovery
23 of metals and other materials for reuse[;] or a mechanized
24 composting facility, or any other facility constructed or operated for
25 the collection, separation, recycling, and recovery of metals, glass,
26 paper, and other materials for reuse or for energy production;

27 (19) The provision of wastewater treatment services or the
28 designing, financing, construction, operation, or maintenance, or
29 any combination thereof, of a wastewater treatment system, or any
30 component part or parts thereof, for a period not to exceed 40 years,
31 when the contract for these services is approved by the Division of
32 Local Government Services in the Department of Community
33 Affairs and the Department of Environmental Protection pursuant to
34 P.L.1985, c.72 (C.58:27-1 et al.), except that no approvals shall be
35 required for those contracts otherwise exempted pursuant to
36 subsection (36) or (43) of this section.

37 For the purposes of this subsection, "wastewater treatment
38 services" means any services provided by a wastewater treatment
39 system[,]; and "wastewater treatment system" means equipment,
40 plants, structures, machinery, apparatus, or land, or any
41 combination thereof, acquired, used, constructed, or operated for
42 the storage, collection, reduction, recycling, reclamation, disposal,
43 separation, or other treatment of wastewater or sewage sludge, or
44 for the final disposal of residues resulting from the treatment of
45 wastewater, including, but not limited to, pumping and ventilating
46 stations, facilities, plants and works, connections, outfall sewers,
47 interceptors, trunk lines, and other personal property and
48 appurtenances necessary for their operation;

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

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

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

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

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

27 (25) Basic life support services, for a period not to exceed five
28 years.

29 For the purposes of this subsection, "basic life support" means a
30 basic level of prehospital care, which includes but need not be
31 limited to patient stabilization, airway clearance, cardiopulmonary
32 resuscitation, hemorrhage control, initial wound care, and fracture
33 stabilization;

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

35 (27) The provision of transportation services to an elderly
36 person, an individual with a disability, or an indigent person for any
37 term of not more than three years.

38 For the purposes of this subsection, "elderly person " means a
39 person who is 60 years of age or older. "Individual with a
40 disability" means a person of any age who, by reason of illness,
41 injury, age, congenital malfunction, or other permanent or
42 temporary incapacity or disability, ~~are~~ is unable, without special
43 facilities or special planning or design to utilize mass transportation
44 facilities and services as effectively as persons who are not so
45 affected. "Indigent person " means a person of any age whose
46 income does not exceed 100 percent of the poverty ~~level~~ line,
47 adjusted for family size, established and adjusted under section

1 **【673(2)】** 2 of **【subtitle B,】** the "Community Services Block Grant
2 Act," **【Pub.L.97-35】** (42 U.S.C. s.9902 **【(2)】**);

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

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

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

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

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

24 (33) The supplying of any product or the rendering of any
25 service, including consulting services, by a cemetery management
26 company for the maintenance and preservation of a municipal
27 cemetery operating pursuant to the "New Jersey Cemetery Act,
28 2003," **【N.J.S.8A:1-1 et seq.】** P.L.2003, c.261 ¹**【(C.54:27-1 et**
29 **seq.)】** (C.45:27-1 et seq.)¹, for a term not exceeding 15 years;

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

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

39 (36) A contract between a public entity and a private firm or
40 public authority pursuant to P.L.1995, c.216 (C.58:27-19 et al.) for
41 the provision of wastewater treatment services may be entered into
42 for any term of not more than 40 years, including all optional
43 extension periods;

44 (37) The operation and management of a facility under a license
45 issued or permit approved by the Department of Environmental
46 Protection, including a wastewater treatment system or a water
47 supply or distribution facility, as the case may be, for any term of
48 not more than ten years.

1 For the purposes of this subsection, "wastewater treatment
2 system" refers to facilities operated or maintained for the storage,
3 collection, reduction, disposal, or other treatment of wastewater or
4 sewage sludge, remediation of groundwater contamination,
5 stormwater runoff, or the final disposal of residues resulting from
6 the treatment of wastewater; and "water supply or distribution
7 facility" refers to facilities operated or maintained for augmenting
8 the natural water resources of the State, increasing the supply of
9 water, conserving existing water resources, or distributing water to
10 users;

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

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

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

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

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

24 (43) A contract between the governing body of a city of the first
25 class and a duly incorporated nonprofit association for the provision
26 of water supply services as defined in subsection (16) of this
27 section, or wastewater treatment services as defined in subsection
28 (19) of this section, may be entered into for a period not to exceed
29 40 years;

30 (44) The purchase of electricity generated through **[class]**
31 Class I renewable energy or from a power production facility that is
32 fueled by methane gas extracted from a landfill in the county of the
33 contacting unit for any term not exceeding 25 years;

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

45 (46) A power supply contract, as defined pursuant to section 3
46 of P.L.2015, c.129 (C.40A:66-3), between a member municipality
47 as defined pursuant to section 3 of P.L.2015, c.129 (C.40A:66-3),
48 and the municipal shared services energy authority established

1 pursuant to the provisions of P.L.2015, c.129 (C.40A:66-1 et al.) to
2 meet the electric power needs of its members, for the lease,
3 operation, or management of electric generation within a member
4 municipality's corporate limits and franchise area or the purchase of
5 electricity, or the purchase of fuel for generating units for a term not
6 to exceed 40 years; **[and]**

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

15 (48) ¹(a)¹ A lease agreement that provides for the use, lease,
16 lease-back, acquisition, operation, ¹**[and]** ¹or¹ maintenance of ferry
17 boats and related facilities ¹and services¹, for a period not to exceed
18 20 years ¹, except as provided by paragraph (b) of this subsection¹.
19 For the purposes of this subsection, “related ¹**[facilities”]** facilities
20 and services”¹ includes, but is not limited to, docks and terminals,
21 parking facilities, intermodal facilities, ingress and egress to the
22 parking and terminal facilities, and the provision of goods and
23 services to the public ¹; and

24 (49) **A]** , provided that a¹ contract for the provision or
25 performance of ¹such¹ goods or services ¹**[that]** is related to ferry
26 services and¹ requires:

27 ¹**[(a)]** (1)¹ a total capital expenditure exceeding \$300,000, ¹as
28 certified by the chief financial officer of the contracting unit,¹
29 including but not limited to capital expenditures made by the lessee;
30 or

31 ¹**[(b)]** (2)¹ a capital improvement that has a life expectancy
32 upon completion exceeding 20 years, as certified by the chief
33 financial officer of the contracting unit ¹**[.]** .

34 (b) A lease agreement for a capital improvement under
35 subparagraph (2) of paragraph (a) of this subsection may be
36 awarded¹ for a period not to exceed 50 years.

37 ¹(c)¹ Each worker employed in a construction project under a
38 contract executed pursuant to this subsection shall be paid not less
39 than the prevailing wage rate for the worker's craft or trade as
40 determined by the Commissioner of Labor and Workforce
41 Development pursuant to P.L.1963, c.150 (C.34:11-56.25 et seq.).

42 Any contract for services other than professional services, the
43 statutory length of which contract is for three years or less, may
44 include provisions for no more than one two-year, or two one-year,
45 extensions, subject to the following limitations: a. The contract
46 shall be awarded by resolution of the governing body upon a

1 finding by the governing body that the services are being performed
2 in an effective and efficient manner; b. No contract shall be
3 extended so that it runs for more than a total of five consecutive
4 years; c. Any price change included as part of an extension shall be
5 based upon the price of the original contract as cumulatively
6 adjusted pursuant to any previous adjustment or extension and shall
7 not exceed the change in the index rate for the 12 months preceding
8 the most recent quarterly calculation available at the time the
9 contract is renewed; and d. The terms and conditions of the contract
10 remain substantially the same.

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

40 The Division of Local Government Services in the Department
41 of Community Affairs shall adopt and promulgate rules and
42 regulations concerning the methods of accounting for all contracts
43 that do not coincide with the fiscal year.

44 All contracts shall cease to have effect at the end of the
45 contracted period and shall not be extended by any mechanism or
46 provision, unless in conformance with the "Local Public Contracts
47 Law," P.L.1971, c.198 (C.40A:11-1 et seq.), except that a contract
48 may be extended by mutual agreement of the parties to the contract

1 when a contracting unit has commenced rebidding prior to the time
2 the contract expires or when the awarding of a contract is pending
3 at the time the contract expires.

4 (cf: P.L.2016, c.55, s.10)

5

6 2. This act shall take effect immediately and shall apply to
7 contracts executed on or after the date of enactment.

8

9

10

11

12 _____
13 Permits 20 year ferry boat local public contracts; permits 50 year
14 local public contracts for certain capital improvements and extends
15 prevailing wage requirements to certain work performed under
those contracts.

ASSEMBLY, No. 4897

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JANUARY 17, 2019

Sponsored by:

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Co-Sponsored by:

Assemblyman Karabinchak

SYNOPSIS

Permits 20 year ferry boat local public contracts; permits 50 year local public contracts for certain capital improvements and extends prevailing wage requirements to certain work performed under those contracts.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/15/2019)

1 AN ACT concerning the duration and prevailing wage requirements
2 of certain local public contracts and amending P.L.1971, c.198.

3

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

6

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

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

16 (1) Supplying of:

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

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

19 (c) Thermal energy produced by a cogeneration facility, for use
20 for heating or air conditioning or both, for any term not exceeding
21 40 years, when the contract is approved by the Board of Public
22 Utilities.

23 For the purposes of this paragraph, "cogeneration" means the
24 simultaneous production in one facility of electric power and other
25 forms of useful energy such as heating or process steam;

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

27 (3) The collection and disposal of municipal solid waste, the
28 collection and disposition of recyclable material, or the disposal of
29 sewage sludge, for any term not exceeding in the aggregate, five
30 years;

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

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

3 (6) Insurance, including the purchase of insurance coverages,
4 insurance consulting or administrative services, claims
5 administration services **[and]**, including participation in a joint
6 self-insurance fund, risk management program or related services
7 provided by a contracting unit insurance group, or participation in
8 an insurance fund established by a local unit pursuant to
9 N.J.S.40A:10-6, or a joint insurance fund established pursuant to
10 P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of not more
11 than three years;

12 (7) Leasing or servicing of (a) automobiles, motor vehicles,
13 machinery, and equipment of every nature and kind, for a period not
14 to exceed five years, or (b) machinery and equipment used in the
15 generation of electricity by a municipal shared services energy
16 authority established pursuant to section 4 of P.L.2015, c.129
17 (C.40A:66-4), or a contracting unit engaged in the generation of
18 electricity, for a period not to exceed 20 years; provided, however, a
19 contract shall be awarded only subject to and in accordance with the
20 rules and regulations promulgated by the Director of the Division of
21 Local Government Services in the Department of Community
22 Affairs;

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

26 (9) Any single project for the construction, reconstruction, or
27 rehabilitation of any public building, structure, or facility, or any
28 public works project, including the retention of the services of any
29 architect or engineer in connection therewith, for the length of time
30 authorized and necessary for the completion of the actual
31 construction;

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

34 (11) On-site inspections and plan review services undertaken by
35 private agencies pursuant to the "State Uniform Construction Code
36 Act," P.L.1975, c.217 (C.52:27D-119 et seq.) for any term of not
37 more than three years;

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

39 (13) (Deleted by amendment, P.L.1999, c.440.)

40 (14) (Deleted by amendment, P.L.1999, c.440.)

41 (15) Leasing of motor vehicles, machinery, and other
42 equipment primarily used to fight fires, for a term not to exceed ten
43 years, when the contract includes an option to purchase, subject to
44 and in accordance with rules and regulations promulgated by the
45 Director of the Division of Local Government Services in the
46 Department of Community Affairs;

47 (16) The provision of water supply services or the designing,
48 financing, construction, operation, or maintenance, or any

1 combination thereof, of a water supply facility, or any component
2 part or parts thereof, including a water filtration system, for a period
3 not to exceed 40 years, when the contract for these services is
4 approved by the Division of Local Government Services in the
5 Department of Community Affairs, the Board of Public Utilities,
6 and the Department of Environmental Protection pursuant to
7 P.L.1985, c.37 (C.58:26-1 et al.), except that no approvals shall be
8 required for those contracts otherwise exempted pursuant to
9 subsection (30), (31), (34), (35) or (43) of this section.

10 For the purposes of this subsection, "water supply services"
11 means any service provided by a water supply facility; "water
12 filtration system" means any equipment, plants, structures,
13 machinery, apparatus, or land, or any combination thereof,
14 acquired, used, constructed, rehabilitated, or operated for the
15 collection, impoundment, storage, improvement, filtration, or other
16 treatment of drinking water for the purposes of purifying and
17 enhancing water quality and insuring its potability prior to the
18 distribution of the drinking water to the general public for human
19 consumption, including plants and works, and other personal
20 property and appurtenances necessary for their use or operation; and
21 "water supply facility" means and refers to the real property and the
22 plants, structures, or interconnections between existing water
23 supply facilities, machinery and equipment and other property, real,
24 personal, and mixed, acquired, constructed, or operated, or to be
25 acquired, constructed, or operated, in whole or in part by or on
26 behalf of a political subdivision of the State or any agency thereof,
27 for the purpose of augmenting the natural water resources of the
28 State and making available an increased supply of water for all
29 uses, or of conserving existing water resources, and any and all
30 appurtenances necessary, useful, or convenient for the collecting,
31 impounding, storing, improving, treating, filtering, conserving, or
32 transmitting of water and for the preservation and protection of
33 these resources and facilities and providing for the conservation and
34 development of future water supply resources;

35 (17) The provision of resource recovery services by a qualified
36 vendor, the disposal of the solid waste delivered for disposal which
37 cannot be processed by a resource recovery facility or the residual
38 ash generated at a resource recovery facility, including hazardous
39 waste and recovered metals and other materials for reuse, or the
40 design, financing, construction, operation, or maintenance of a
41 resource recovery facility for a period not to exceed 40 years when
42 the contract is approved by the Division of Local Government
43 Services in the Department of Community Affairs, and the
44 Department of Environmental Protection pursuant to P.L.1985, c.38
45 (C.13:1E-136 et al.); and when the resource recovery facility is in
46 conformance with a district solid waste management plan approved
47 pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.).

1 For the purposes of this subsection, "resource recovery facility"
2 means a solid waste facility constructed and operated for the
3 incineration of solid waste for energy production and the recovery
4 of metals and other materials for reuse[;] 2, or a mechanized
5 composting facility, or any other facility constructed or operated for
6 the collection, separation, recycling, and recovery of metals, glass,
7 paper, and other materials for reuse or for energy production; and
8 "residual ash" means the bottom ash, fly ash, or any combination
9 thereof, resulting from the combustion of solid waste at a resource
10 recovery facility;

11 (18) The sale of electricity or thermal energy, or both, produced
12 by a resource recovery facility for a period not to exceed 40 years
13 when the contract is approved by the Board of Public Utilities, and
14 when the resource recovery facility is in conformance with a district
15 solid waste management plan approved pursuant to
16 P.L.1970, c.39 (C.13:1E-1 et seq.).

17 For the purposes of this subsection, "resource recovery facility"
18 means a solid waste facility constructed and operated for the
19 incineration of solid waste for energy production and the recovery
20 of metals and other materials for reuse[;] 2, or a mechanized
21 composting facility, or any other facility constructed or operated for
22 the collection, separation, recycling, and recovery of metals, glass,
23 paper, and other materials for reuse or for energy production;

24 (19) The provision of wastewater treatment services or the
25 designing, financing, construction, operation, or maintenance, or
26 any combination thereof, of a wastewater treatment system, or any
27 component part or parts thereof, for a period not to exceed 40 years,
28 when the contract for these services is approved by the Division of
29 Local Government Services in the Department of Community
30 Affairs and the Department of Environmental Protection pursuant to
31 P.L.1985, c.72 (C.58:27-1 et al.), except that no approvals shall be
32 required for those contracts otherwise exempted pursuant to
33 subsection (36) or (43) of this section.

34 For the purposes of this subsection, "wastewater treatment
35 services" means any services provided by a wastewater treatment
36 system[.]; and "wastewater treatment system" means equipment,
37 plants, structures, machinery, apparatus, or land, or any
38 combination thereof, acquired, used, constructed, or operated for
39 the storage, collection, reduction, recycling, reclamation, disposal,
40 separation, or other treatment of wastewater or sewage sludge, or
41 for the final disposal of residues resulting from the treatment of
42 wastewater, including, but not limited to, pumping and ventilating
43 stations, facilities, plants and works, connections, outfall sewers,
44 interceptors, trunk lines, and other personal property and
45 appurtenances necessary for their operation;

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

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

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

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

8 (24) The purchase of electricity or administrative or dispatching
9 services related to the transmission of electricity, from a supplier of
10 electricity subject to the jurisdiction of a federal regulatory agency,
11 from a qualifying small power producing facility or qualifying
12 cogeneration facility, as defined by 16 U.S.C. s.796, or from any
13 supplier of electricity within any regional transmission organization
14 or independent system operator or from an organization or operator
15 or their successors, by a contracting unit engaged in the generation
16 of electricity for retail sale, as of May 24, 1991, for a term not to
17 exceed 40 years~~],]~~ ; or by a contracting unit engaged solely in the
18 distribution of electricity for retail sale for a term not to exceed ten
19 years, except that a contract with a contracting unit, engaged solely
20 in the distribution of electricity for retail sale, in excess of ten
21 years, shall require the written approval of the Director of the
22 Division of Local Government Services. If the director fails to
23 respond in writing to the contracting unit within 10 business days,
24 the contract shall be deemed approved;

25 (25) Basic life support services, for a period not to exceed five
26 years.

27 For the purposes of this subsection, "basic life support" means a
28 basic level of prehospital care, which includes but need not be
29 limited to patient stabilization, airway clearance, cardiopulmonary
30 resuscitation, hemorrhage control, initial wound care, and fracture
31 stabilization;

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

33 (27) The provision of transportation services to an elderly
34 person, an individual with a disability, or an indigent person for any
35 term of not more than three years.

36 For the purposes of this subsection, "elderly person " means a
37 person who is 60 years of age or older. "Individual with a
38 disability" means a person of any age who, by reason of illness,
39 injury, age, congenital malfunction, or other permanent or
40 temporary incapacity or disability, ~~are~~ is unable, without special
41 facilities or special planning or design to utilize mass transportation
42 facilities and services as effectively as persons who are not so
43 affected. "Indigent person " means a person of any age whose
44 income does not exceed 100 percent of the poverty ~~level~~ line,
45 adjusted for family size, established and adjusted under section
46 ~~673(2)~~ 2 of ~~sub~~ sub ~~title B,~~ title B, the "Community Services Block Grant
47 Act," ~~Pub.L.97-35~~ (42 U.S.C. s.9902 ~~(2)~~);

- 1 (28) The supplying of liquid oxygen or other chemicals, for a
2 term not to exceed five years, when the contract includes the
3 installation of tanks or other storage facilities by the supplier, on or
4 near the premises of the contracting unit;
- 5 (29) The performance of patient care services by contracted
6 medical staff at county hospitals, correction facilities, and long term
7 care facilities, for any term of not more than three years;
- 8 (30) The acquisition of an equitable interest in a water supply
9 facility pursuant to section 2 of P.L.1993, c.381 (C.58:28-2), or a
10 contract entered into pursuant to the "County and Municipal Water
11 Supply Act," N.J.S.40A:31-1 et seq., if the contract is entered into
12 no later than January 7, 1995, for any term of not more than forty
13 years;
- 14 (31) The provision of water supply services or the financing,
15 construction, operation, or maintenance or any combination thereof,
16 of a water supply facility or any component part or parts thereof, by
17 a partnership or copartnership established pursuant to a contract
18 authorized under section 2 of P.L.1993, c.381 (C.58:28-2), for a
19 period not to exceed 40 years;
- 20 (32) Laundry service and the rental, supply, and cleaning of
21 uniforms for any term of not more than three years;
- 22 (33) The supplying of any product or the rendering of any
23 service, including consulting services, by a cemetery management
24 company for the maintenance and preservation of a municipal
25 cemetery operating pursuant to the "New Jersey Cemetery Act,
26 2003," [N.J.S.8A:1-1 et seq.] P.L.2003, c.261 (C.54:27-1 et seq.),
27 for a term not exceeding 15 years;
- 28 (34) A contract between a public entity and a private firm
29 pursuant to P.L.1995, c.101 (C.58:26-19 et al.) for the provision of
30 water supply services may be entered into for any term which, when
31 all optional extension periods are added, may not exceed 40 years;
- 32 (35) A contract for the purchase of a supply of water from a
33 public utility company subject to the jurisdiction of the Board of
34 Public Utilities in accordance with tariffs and schedules of charges
35 made, charged or exacted or contracts filed with the Board of Public
36 Utilities, for any term of not more than 40 years;
- 37 (36) A contract between a public entity and a private firm or
38 public authority pursuant to P.L.1995, c.216 (C.58:27-19 et al.) for
39 the provision of wastewater treatment services may be entered into
40 for any term of not more than 40 years, including all optional
41 extension periods;
- 42 (37) The operation and management of a facility under a license
43 issued or permit approved by the Department of Environmental
44 Protection, including a wastewater treatment system or a water
45 supply or distribution facility, as the case may be, for any term of
46 not more than ten years.

1 For the purposes of this subsection, "wastewater treatment
2 system" refers to facilities operated or maintained for the storage,
3 collection, reduction, disposal, or other treatment of wastewater or
4 sewage sludge, remediation of groundwater contamination,
5 stormwater runoff, or the final disposal of residues resulting from
6 the treatment of wastewater; and "water supply or distribution
7 facility" refers to facilities operated or maintained for augmenting
8 the natural water resources of the State, increasing the supply of
9 water, conserving existing water resources, or distributing water to
10 users;

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

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

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

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

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

24 (43) A contract between the governing body of a city of the first
25 class and a duly incorporated nonprofit association for the provision
26 of water supply services as defined in subsection (16) of this
27 section, or wastewater treatment services as defined in subsection
28 (19) of this section, may be entered into for a period not to exceed
29 40 years;

30 (44) The purchase of electricity generated through **[class]**
31 Class I renewable energy or from a power production facility that is
32 fueled by methane gas extracted from a landfill in the county of the
33 contacting unit for any term not exceeding 25 years;

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

45 (46) A power supply contract, as defined pursuant to section 3
46 of P.L.2015, c.129 (C.40A:66-3), between a member municipality
47 as defined pursuant to section 3 of P.L.2015, c.129 (C.40A:66-3),
48 and the municipal shared services energy authority established

1 pursuant to the provisions of P.L.2015, c.129 (C.40A:66-1 et al.) to
2 meet the electric power needs of its members, for the lease,
3 operation, or management of electric generation within a member
4 municipality's corporate limits and franchise area or the purchase of
5 electricity, or the purchase of fuel for generating units for a term not
6 to exceed 40 years; **[and]**

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

15 (48) A lease agreement that provides for the use, lease, lease-
16 back, acquisition, operation, and maintenance of ferry boats and
17 related facilities, for a period not to exceed 20 years.

18 For the purposes of this subsection, "related facilities" includes,
19 but is not limited to, docks and terminals, parking facilities,
20 intermodal facilities, ingress and egress to the parking and terminal
21 facilities, and the provision of goods and services to the public; and

22 (49) A contract for the provision or performance of goods or
23 services that requires:

24 (a) a total capital expenditure exceeding \$300,000, including but
25 not limited to capital expenditures made by the lessee; or

26 (b) a capital improvement that has a life expectancy upon
27 completion exceeding 20 years,

28 as certified by the chief financial officer of the contracting unit,
29 for a period not to exceed 50 years.

30 Each worker employed in a construction project under a contract
31 executed pursuant to this subsection shall be paid not less than the
32 prevailing wage rate for the worker's craft or trade as determined by
33 the Commissioner of Labor and Workforce Development pursuant
34 to P.L.1963, c.150 (C.34:11-56.25 et seq.).

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

1 contract is renewed; and d. The terms and conditions of the contract
2 remain substantially the same.

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

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

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

44 (cf: P.L.2016, c.55, s.10)

45

46 2. This act shall take effect immediately and shall apply to
47 contracts executed on or after the date of enactment.

STATEMENT

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

This bill permits local governments to enter into certain extended-term agreements pursuant to the “Local Public Contracts Law,” P.L.1971, c.198 (C.40A:11-1 et seq.). Specifically, ferry boat and related facility lease agreements may have a duration of up to 20 years, and certain capital improvement contracts with a life expectancy exceeding 20 years, may have a duration of up to 50 years. For any one of these capital improvement contracts, the bill also requires payment of the prevailing wage for any construction project under the contract.

Pursuant to the “Local Public Contracts Law,” a county, municipality, or other local government contracting unit may enter into an agreement with a private firm that provides for the provision or performance of certain goods or services. Under current law, such a contract generally cannot be for a period greater than 24 consecutive months, but there are a number of exceptions under which certain types of contracts may be for periods exceeding 24 consecutive months.

This bill creates two new exceptions that permit local governments to enter into extended agreements. First, ferry boat and related facility lease agreements may be for a period of up to 20 years. The term “related facilities” includes docks and terminals, parking facilities, intermodal facilities, ingress and egress to the parking and terminal facilities, and facilities where goods and services are provided to the public. Second, contracts for the provision or performance of goods and services that require: (i) a total capital expenditure of more than \$300,000, including expenditures by the lessee; or (ii) a capital improvement that has a life expectancy upon completion greater than 20 years, may be for a period of up to 50 years. The chief financial officer of the local government unit, however, is required to certify that the capital expenditure or capital improvement requirement is satisfied. The prevailing wage would have to be paid for any construction project under these capital improvement contracts.

ASSEMBLY TRANSPORTATION AND INDEPENDENT
AUTHORITIES COMMITTEE

STATEMENT TO
ASSEMBLY, No. 4897

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 14, 2019

The Assembly Transportation and Independent Authorities Committee reports favorably and with committee amendments Assembly Bill No. 4897.

As amended and reported, this bill permits local governments to enter into certain extended-term agreements pursuant to the “Local Public Contracts Law,” P.L.1971, c.198 (C.40A:11-1 et seq.). Pursuant to the “Local Public Contracts Law,” a county, municipality, or other local government contracting unit may enter into an agreement with a private firm that provides for the provision or performance of certain goods or services. Under current law, such a contract generally cannot be for a period greater than 24 consecutive months, but there are a number of exceptions under which certain types of contracts may be for periods exceeding 24 consecutive months.

This bill creates a new exception that permits local governments to enter into agreements exceeding 24 months. Ferry boat and related facility and service lease agreements may be for a period of up to 20 years. However, a lease agreement for a capital improvement that has a life expectancy upon completion exceeding 20 years may be awarded for a period of up to 50 years. Contracts for the provision or performance of goods and services are to be related to ferry services and are to: (i) have a total capital expenditure of more than \$300,000, including expenditures by the lessee; or (ii) have a capital improvement that has a life expectancy upon completion greater than 20 years. The chief financial officer of the local government unit, however, is required to certify that the capital expenditure or capital improvement requirement is satisfied. The prevailing wage would have to be paid for any construction project under these capital improvement contracts.

COMMITTEE AMENDMENTS

The committee amended the bill to remove the word “and” and replace it with the word “or” so that the exception for ferry service and related facilities and services applies to any lease agreement that

provides for the use, lease, lease-back, acquisition, operation, or maintenance of ferry boats and related facilities.

The committee also amended the bill to clarify that a contract for the provision or performance of goods and services is to be related to ferry services in order to qualify for the exception and to clarify that, in addition to the exception applying to lease agreements for the use, lease, lease-back, acquisition, operation, or maintenance of ferry boats and related facilities: (1) the 20-year exception applies to contracts for goods and services that relate to ferry services and (2) the 50-year exception applies to lease agreements for goods and services that relate to ferry services and that have a capital improvement that has a life expectancy upon completion greater than 20 years.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 4897

STATE OF NEW JERSEY

DATED: MARCH 4, 2019

The Senate Community and Urban Affairs Committee reports favorably Assembly Bill No. 4897.

This bill permits local governments to enter into certain extended-term agreements pursuant to the “Local Public Contracts Law,” P.L.1971, c.198 (C.40A:11-1 et seq.).

Under the “Local Public Contracts Law,” a county, municipality, or other local contracting unit may enter into an agreement with a private firm that provides for the provision or performance of certain goods or services. Under current law, these contracts generally cannot be for a period greater than 24 consecutive months, but there are a number of exceptions under which certain types of contracts may be for periods exceeding 24 consecutive months.

This bill creates a new exception that permits local governments to enter into extended agreements exceeding 24 months. Specifically, ferry boat and related facility and service lease agreements may be for a period of up to 20 years, except that a lease agreement for certain capital improvements with a life expectancy upon completion exceeding 20 years may be awarded for a period of up to 50 years. Contracts for the provision or performance of goods and services have to be related to ferry services and: (i) have a total capital expenditure of more than \$300,000, including expenditures by the lessee; or (ii) have a capital improvement that has a life expectancy upon completion greater than 20 years. The chief financial officer of the local government unit is required to certify that the capital expenditure or capital improvement requirement is satisfied. The prevailing wage would have to be paid for any construction project under these contracts.

As reported by the committee, Assembly Bill No. 4897 (1R) is identical to Senate Bill No. 3456, as amended and also reported by the committee on this date.

SENATE, No. 3456

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED FEBRUARY 7, 2019

Sponsored by:

Senator DECLAN J. O'SCANLON, JR.

District 13 (Monmouth)

Senator TROY SINGLETON

District 7 (Burlington)

SYNOPSIS

Permits 20 year ferry boat local public contracts; permits 50 year local public contracts for certain capital improvements and extends prevailing wage requirements to certain work performed under those contracts.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/8/2019)

1 AN ACT concerning the duration and prevailing wage requirements
2 of certain local public contracts and amending P.L.1971, c.198.

3

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

6

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

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

16 (1) Supplying of:

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

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

19 (c) Thermal energy produced by a cogeneration facility, for use
20 for heating or air conditioning or both, for any term not exceeding
21 40 years, when the contract is approved by the Board of Public
22 Utilities.

23 For the purposes of this paragraph, "cogeneration" means the
24 simultaneous production in one facility of electric power and other
25 forms of useful energy such as heating or process steam;

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

27 (3) The collection and disposal of municipal solid waste, the
28 collection and disposition of recyclable material, or the disposal of
29 sewage sludge, for any term not exceeding in the aggregate, five
30 years;

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

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

3 (6) Insurance, including the purchase of insurance coverages,
4 insurance consulting or administrative services, claims
5 administration services **[and]**, including participation in a joint
6 self-insurance fund, risk management program or related services
7 provided by a contracting unit insurance group, or participation in
8 an insurance fund established by a local unit pursuant to
9 N.J.S.40A:10-6, or a joint insurance fund established pursuant to
10 P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of not more
11 than three years;

12 (7) Leasing or servicing of (a) automobiles, motor vehicles,
13 machinery, and equipment of every nature and kind, for a period not
14 to exceed five years, or (b) machinery and equipment used in the
15 generation of electricity by a municipal shared services energy
16 authority established pursuant to section 4 of P.L.2015, c.129
17 (C.40A:66-4), or a contracting unit engaged in the generation of
18 electricity, for a period not to exceed 20 years; provided, however, a
19 contract shall be awarded only subject to and in accordance with the
20 rules and regulations promulgated by the Director of the Division of
21 Local Government Services in the Department of Community
22 Affairs;

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

26 (9) Any single project for the construction, reconstruction, or
27 rehabilitation of any public building, structure, or facility, or any
28 public works project, including the retention of the services of any
29 architect or engineer in connection therewith, for the length of time
30 authorized and necessary for the completion of the actual
31 construction;

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

34 (11) On-site inspections and plan review services undertaken by
35 private agencies pursuant to the "State Uniform Construction Code
36 Act," P.L.1975, c.217 (C.52:27D-119 et seq.) for any term of not
37 more than three years;

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

39 (13) (Deleted by amendment, P.L.1999, c.440.)

40 (14) (Deleted by amendment, P.L.1999, c.440.)

41 (15) Leasing of motor vehicles, machinery, and other
42 equipment primarily used to fight fires, for a term not to exceed ten
43 years, when the contract includes an option to purchase, subject to
44 and in accordance with rules and regulations promulgated by the
45 Director of the Division of Local Government Services in the
46 Department of Community Affairs;

47 (16) The provision of water supply services or the designing,
48 financing, construction, operation, or maintenance, or any

1 combination thereof, of a water supply facility, or any component
2 part or parts thereof, including a water filtration system, for a period
3 not to exceed 40 years, when the contract for these services is
4 approved by the Division of Local Government Services in the
5 Department of Community Affairs, the Board of Public Utilities,
6 and the Department of Environmental Protection pursuant to
7 P.L.1985, c.37 (C.58:26-1 et al.), except that no approvals shall be
8 required for those contracts otherwise exempted pursuant to
9 subsection (30), (31), (34), (35) or (43) of this section.

10 For the purposes of this subsection, "water supply services"
11 means any service provided by a water supply facility; "water
12 filtration system" means any equipment, plants, structures,
13 machinery, apparatus, or land, or any combination thereof,
14 acquired, used, constructed, rehabilitated, or operated for the
15 collection, impoundment, storage, improvement, filtration, or other
16 treatment of drinking water for the purposes of purifying and
17 enhancing water quality and insuring its potability prior to the
18 distribution of the drinking water to the general public for human
19 consumption, including plants and works, and other personal
20 property and appurtenances necessary for their use or operation; and
21 "water supply facility" means and refers to the real property and the
22 plants, structures, or interconnections between existing water
23 supply facilities, machinery and equipment and other property, real,
24 personal, and mixed, acquired, constructed, or operated, or to be
25 acquired, constructed, or operated, in whole or in part by or on
26 behalf of a political subdivision of the State or any agency thereof,
27 for the purpose of augmenting the natural water resources of the
28 State and making available an increased supply of water for all
29 uses, or of conserving existing water resources, and any and all
30 appurtenances necessary, useful, or convenient for the collecting,
31 impounding, storing, improving, treating, filtering, conserving, or
32 transmitting of water and for the preservation and protection of
33 these resources and facilities and providing for the conservation and
34 development of future water supply resources;

35 (17) The provision of resource recovery services by a qualified
36 vendor, the disposal of the solid waste delivered for disposal which
37 cannot be processed by a resource recovery facility or the residual
38 ash generated at a resource recovery facility, including hazardous
39 waste and recovered metals and other materials for reuse, or the
40 design, financing, construction, operation, or maintenance of a
41 resource recovery facility for a period not to exceed 40 years when
42 the contract is approved by the Division of Local Government
43 Services in the Department of Community Affairs, and the
44 Department of Environmental Protection pursuant to P.L.1985, c.38
45 (C.13:1E-136 et al.); and when the resource recovery facility is in
46 conformance with a district solid waste management plan approved
47 pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.).

1 For the purposes of this subsection, "resource recovery facility"
2 means a solid waste facility constructed and operated for the
3 incineration of solid waste for energy production and the recovery
4 of metals and other materials for reuse[;] 2, or a mechanized
5 composting facility, or any other facility constructed or operated for
6 the collection, separation, recycling, and recovery of metals, glass,
7 paper, and other materials for reuse or for energy production; and
8 "residual ash" means the bottom ash, fly ash, or any combination
9 thereof, resulting from the combustion of solid waste at a resource
10 recovery facility;

11 (18) The sale of electricity or thermal energy, or both, produced
12 by a resource recovery facility for a period not to exceed 40 years
13 when the contract is approved by the Board of Public Utilities, and
14 when the resource recovery facility is in conformance with a district
15 solid waste management plan approved pursuant to
16 P.L.1970, c.39 (C.13:1E-1 et seq.).

17 For the purposes of this subsection, "resource recovery facility"
18 means a solid waste facility constructed and operated for the
19 incineration of solid waste for energy production and the recovery
20 of metals and other materials for reuse[;] 2, or a mechanized
21 composting facility, or any other facility constructed or operated for
22 the collection, separation, recycling, and recovery of metals, glass,
23 paper, and other materials for reuse or for energy production;

24 (19) The provision of wastewater treatment services or the
25 designing, financing, construction, operation, or maintenance, or
26 any combination thereof, of a wastewater treatment system, or any
27 component part or parts thereof, for a period not to exceed 40 years,
28 when the contract for these services is approved by the Division of
29 Local Government Services in the Department of Community
30 Affairs and the Department of Environmental Protection pursuant to
31 P.L.1985, c.72 (C.58:27-1 et al.), except that no approvals shall be
32 required for those contracts otherwise exempted pursuant to
33 subsection (36) or (43) of this section.

34 For the purposes of this subsection, "wastewater treatment
35 services" means any services provided by a wastewater treatment
36 system[.]; and "wastewater treatment system" means equipment,
37 plants, structures, machinery, apparatus, or land, or any
38 combination thereof, acquired, used, constructed, or operated for
39 the storage, collection, reduction, recycling, reclamation, disposal,
40 separation, or other treatment of wastewater or sewage sludge, or
41 for the final disposal of residues resulting from the treatment of
42 wastewater, including, but not limited to, pumping and ventilating
43 stations, facilities, plants and works, connections, outfall sewers,
44 interceptors, trunk lines, and other personal property and
45 appurtenances necessary for their operation;

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

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

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

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

8 (24) The purchase of electricity or administrative or dispatching
9 services related to the transmission of electricity, from a supplier of
10 electricity subject to the jurisdiction of a federal regulatory agency,
11 from a qualifying small power producing facility or qualifying
12 cogeneration facility, as defined by 16 U.S.C. s.796, or from any
13 supplier of electricity within any regional transmission organization
14 or independent system operator or from an organization or operator
15 or their successors, by a contracting unit engaged in the generation
16 of electricity for retail sale, as of May 24, 1991, for a term not to
17 exceed 40 years~~],]~~ ; or by a contracting unit engaged solely in the
18 distribution of electricity for retail sale for a term not to exceed ten
19 years, except that a contract with a contracting unit, engaged solely
20 in the distribution of electricity for retail sale, in excess of ten
21 years, shall require the written approval of the Director of the
22 Division of Local Government Services. If the director fails to
23 respond in writing to the contracting unit within 10 business days,
24 the contract shall be deemed approved;

25 (25) Basic life support services, for a period not to exceed five
26 years.

27 For the purposes of this subsection, "basic life support" means a
28 basic level of prehospital care, which includes but need not be
29 limited to patient stabilization, airway clearance, cardiopulmonary
30 resuscitation, hemorrhage control, initial wound care, and fracture
31 stabilization;

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

33 (27) The provision of transportation services to an elderly
34 person, an individual with a disability, or an indigent person for any
35 term of not more than three years.

36 For the purposes of this subsection, "elderly person " means a
37 person who is 60 years of age or older. "Individual with a
38 disability" means a person of any age who, by reason of illness,
39 injury, age, congenital malfunction, or other permanent or
40 temporary incapacity or disability, ~~are~~ is unable, without special
41 facilities or special planning or design to utilize mass transportation
42 facilities and services as effectively as persons who are not so
43 affected. "Indigent person " means a person of any age whose
44 income does not exceed 100 percent of the poverty ~~level~~ line,
45 adjusted for family size, established and adjusted under section
46 ~~673(2)~~ 2 of ~~sub~~ sub ~~title B,~~ title B, the "Community Services Block Grant
47 Act," ~~Pub.L.97-35~~ (42 U.S.C. s.9902 ~~(2)~~);

- 1 (28) The supplying of liquid oxygen or other chemicals, for a
2 term not to exceed five years, when the contract includes the
3 installation of tanks or other storage facilities by the supplier, on or
4 near the premises of the contracting unit;
- 5 (29) The performance of patient care services by contracted
6 medical staff at county hospitals, correction facilities, and long term
7 care facilities, for any term of not more than three years;
- 8 (30) The acquisition of an equitable interest in a water supply
9 facility pursuant to section 2 of P.L.1993, c.381 (C.58:28-2), or a
10 contract entered into pursuant to the "County and Municipal Water
11 Supply Act," N.J.S.40A:31-1 et seq., if the contract is entered into
12 no later than January 7, 1995, for any term of not more than forty
13 years;
- 14 (31) The provision of water supply services or the financing,
15 construction, operation, or maintenance or any combination thereof,
16 of a water supply facility or any component part or parts thereof, by
17 a partnership or copartnership established pursuant to a contract
18 authorized under section 2 of P.L.1993, c.381 (C.58:28-2), for a
19 period not to exceed 40 years;
- 20 (32) Laundry service and the rental, supply, and cleaning of
21 uniforms for any term of not more than three years;
- 22 (33) The supplying of any product or the rendering of any
23 service, including consulting services, by a cemetery management
24 company for the maintenance and preservation of a municipal
25 cemetery operating pursuant to the "New Jersey Cemetery Act,
26 2003," [N.J.S.8A:1-1 et seq.] P.L.2003, c.261 (C.54:27-1 et seq.),
27 for a term not exceeding 15 years;
- 28 (34) A contract between a public entity and a private firm
29 pursuant to P.L.1995, c.101 (C.58:26-19 et al.) for the provision of
30 water supply services may be entered into for any term which, when
31 all optional extension periods are added, may not exceed 40 years;
- 32 (35) A contract for the purchase of a supply of water from a
33 public utility company subject to the jurisdiction of the Board of
34 Public Utilities in accordance with tariffs and schedules of charges
35 made, charged or exacted or contracts filed with the Board of Public
36 Utilities, for any term of not more than 40 years;
- 37 (36) A contract between a public entity and a private firm or
38 public authority pursuant to P.L.1995, c.216 (C.58:27-19 et al.) for
39 the provision of wastewater treatment services may be entered into
40 for any term of not more than 40 years, including all optional
41 extension periods;
- 42 (37) The operation and management of a facility under a license
43 issued or permit approved by the Department of Environmental
44 Protection, including a wastewater treatment system or a water
45 supply or distribution facility, as the case may be, for any term of
46 not more than ten years.

1 For the purposes of this subsection, "wastewater treatment
2 system" refers to facilities operated or maintained for the storage,
3 collection, reduction, disposal, or other treatment of wastewater or
4 sewage sludge, remediation of groundwater contamination,
5 stormwater runoff, or the final disposal of residues resulting from
6 the treatment of wastewater; and "water supply or distribution
7 facility" refers to facilities operated or maintained for augmenting
8 the natural water resources of the State, increasing the supply of
9 water, conserving existing water resources, or distributing water to
10 users;

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

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

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

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

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

24 (43) A contract between the governing body of a city of the first
25 class and a duly incorporated nonprofit association for the provision
26 of water supply services as defined in subsection (16) of this
27 section, or wastewater treatment services as defined in subsection
28 (19) of this section, may be entered into for a period not to exceed
29 40 years;

30 (44) The purchase of electricity generated through **[class]**
31 Class I renewable energy or from a power production facility that is
32 fueled by methane gas extracted from a landfill in the county of the
33 contacting unit for any term not exceeding 25 years;

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

45 (46) A power supply contract, as defined pursuant to section 3
46 of P.L.2015, c.129 (C.40A:66-3), between a member municipality
47 as defined pursuant to section 3 of P.L.2015, c.129 (C.40A:66-3),
48 and the municipal shared services energy authority established

1 pursuant to the provisions of P.L.2015, c.129 (C.40A:66-1 et al.) to
2 meet the electric power needs of its members, for the lease,
3 operation, or management of electric generation within a member
4 municipality's corporate limits and franchise area or the purchase of
5 electricity, or the purchase of fuel for generating units for a term not
6 to exceed 40 years; **[and]**

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

15 (48) A lease agreement that provides for the use, lease, lease-
16 back, acquisition, operation, and maintenance of ferry boats and
17 related facilities, for a period not to exceed 20 years.

18 For the purposes of this subsection, "related facilities" includes,
19 but is not limited to, docks and terminals, parking facilities,
20 intermodal facilities, ingress and egress to the parking and terminal
21 facilities, and the provision of goods and services to the public; and

22 (49) A contract for the provision or performance of goods or
23 services that requires:

24 (a) a total capital expenditure exceeding \$300,000, including but
25 not limited to capital expenditures made by the lessee; or

26 (b) a capital improvement that has a life expectancy upon
27 completion exceeding 20 years,

28 as certified by the chief financial officer of the contracting unit,
29 for a period not to exceed 50 years.

30 Each worker employed in a construction project under a contract
31 executed pursuant to this subsection shall be paid not less than the
32 prevailing wage rate for the worker's craft or trade as determined by
33 the Commissioner of Labor and Workforce Development pursuant
34 to P.L.1963, c.150 (C.34:11-56.25 et seq.).

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

1 contract is renewed; and d. The terms and conditions of the contract
2 remain substantially the same.

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

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

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

44 (cf: P.L.2016, c.55, s.10)

45

46 2. This act shall take effect immediately and shall apply to
47 contracts executed on or after the date of enactment.

STATEMENT

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

This bill permits local governments to enter into certain extended-term agreements pursuant to the “Local Public Contracts Law,” P.L.1971, c.198 (C.40A:11-1 et seq.). Specifically, ferry boat and related facility lease agreements may have a duration of up to 20 years, and certain capital improvement contracts with a life expectancy exceeding 20 years, may have a duration of up to 50 years. For any one of these capital improvement contracts, the bill also requires payment of the prevailing wage for any construction project under the contract.

Pursuant to the “Local Public Contracts Law,” a county, municipality, or other local government contracting unit may enter into an agreement with a private firm that provides for the provision or performance of certain goods or services. Under current law, such a contract generally cannot be for a period greater than 24 consecutive months, but there are a number of exceptions under which certain types of contracts may be for periods exceeding 24 consecutive months.

This bill creates two new exceptions that permit local governments to enter into extended agreements. First, ferry boat and related facility lease agreements may be for a period of up to 20 years. The term “related facilities” includes docks and terminals, parking facilities, intermodal facilities, ingress and egress to the parking and terminal facilities, and facilities where goods and services are provided to the public. Second, contracts for the provision or performance of goods and services that require: (i) a total capital expenditure of more than \$300,000, including expenditures by the lessee; or (ii) a capital improvement that has a life expectancy upon completion greater than 20 years, may be for a period of up to 50 years. The chief financial officer of the local government unit, however, is required to certify that the capital expenditure or capital improvement requirement is satisfied. The prevailing wage would have to be paid for any construction project under these capital improvement contracts.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 3456

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 4, 2019

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 3456, with committee amendments.

As amended, this bill permits local governments to enter into certain extended-term agreements pursuant to the “Local Public Contracts Law,” P.L.1971, c.198 (C.40A:11-1 et seq.).

Under the “Local Public Contracts Law,” a county, municipality, or other local contracting unit may enter into an agreement with a private firm that provides for the provision or performance of certain goods or services. Under current law, these contracts generally cannot be for a period greater than 24 consecutive months, but there are a number of exceptions under which certain types of contracts may be for periods exceeding 24 consecutive months.

This bill creates a new exception that permits local governments to enter into extended agreements exceeding 24 months. Specifically, ferry boat and related facility and service lease agreements may be for a period of up to 20 years, except that a lease agreement for certain capital improvements with a life expectancy upon completion exceeding 20 years may be awarded for a period of up to 50 years. Contracts for the provision or performance of goods and services have to be related to ferry services and: (i) have a total capital expenditure of more than \$300,000, including expenditures by the lessee; or (ii) have a capital improvement that has a life expectancy upon completion greater than 20 years. The chief financial officer of the local government unit is required to certify that the capital expenditure or capital improvement requirement is satisfied. The prevailing wage would have to be paid for any construction project under these contracts.

As reported by the committee, Senate Bill No. 3456, as amended, is identical to Assembly Bill No. 4897 (1R), which also was reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments remove the word “and” and replace it with the word “or” so that the exception for ferry service and related facilities and services applies to any lease agreement that provides for the use, lease, lease-back, acquisition, operation, or maintenance of ferry boats and related facilities.

The committee also amended the bill to clarify that a contract for the provision or performance of goods and services is to be related to ferry services in order to qualify for the exception and to clarify that, in addition to the exception applying to lease agreements for the use, lease, lease-back, acquisition, operation, or maintenance of ferry boats and related facilities: (1) the 20-year exception applies to contracts for goods and services that relate to ferry services and (2) the 50-year exception applies to lease agreements for goods and services that relate to ferry services and that have a capital improvement with a life expectancy upon completion greater than 20 years.



- Home
- Administration ▾
- Key Initiatives ▾
- News and Events ▾
- Social ▾
- Contact Us ▾

Newark, N.J.

Governor Murphy Takes Action on Legislation

05/2/2019

Trenton – Today, Governor Phil Murphy signed the following bills into law:

S368 (Rice, Turner/Verrelli, Reynolds-Jackson, Swain) – Authorizes political subdivisions to set aside 0.5 percent of public works funds to recruit and train women and minorities and promote local hiring.

S768 (Cunningham, Cruz-Perez/Pinkin, Jasey, DeAngelo, Danielsen, Wimberly, McKnight, Taliaferro) – Requires institutions of higher education to develop open textbook plan.

S1857 (Turner, Diegnan/Pinkin, Jasey, Karabinchak, Holley) – Designates Thomas Alva Edison as State Inventor.

A4897 (Lopez, Benson/O’Scanlon, Singleton) – Permits 20 year ferry boat local public contracts; permits 50 year local public contracts for certain capital improvements and extends prevailing wage requirements to certain work performed under those contracts.

A5159 (Reynolds-Jackson, Verrelli, Karabinchak/Diegnan, Greenstein) – Permits county commissioner of registration and board of elections to use electronic poll books

[Back to Top](#)

Powered by [Google Translate](#) [Select Language](#)

[Translator Disclaimer](#)

Governor Phil Murphy

Statewide

[Home](#)

[Key Initiatives](#)

[Social](#)

[NJ Home](#)

[Administration](#)

[Economy & Jobs](#)

[Facebook](#)

[Services A to Z](#)

[Governor Phil Murphy](#)

[Education](#)

[Twitter](#)

[Departments/Agencies](#)

[Environment](#)

[Instagram](#)

[FAQs](#)

[Contact Us](#)

Lt. Governor Sheila
Oliver
First Lady Tammy
Snyder Murphy
Cabinet
Boards, Commissions
& Authorities
Internship
Opportunities
Governor's Residence
- Drumthwacket

Health
Law & Justice
Transportation
News & Events
Press Releases
Public Addresses
Executive Orders
Statements on
Legislation
Administration Reports
Transition Reports
Press Kits

Snapchat
YouTube
Contact Us
Scheduling Requests
Contact Us

Privacy Notice
Legal Statement &
Disclaimers
Accessibility
Statement



Copyright © State of New Jersey, 1996-2018
Office of Governor PO Box 001
Trenton, NJ 08625
609-292-6000

YOURMONEY.NJ.GOV

powered by **njoit**