

18A:18A-42

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2008 **CHAPTER:** 83

NJSA: 18A:18A-42 (Allows certain local public entities to enter into contracts of up to 15 years for energy conservation or provision of renewable energy production at buildings owned by such entities)

BILL NO: A844 (Substituted for S299)

SPONSOR(S): Chivukula and Rooney

DATE INTRODUCED: January 8, 2008

COMMITTEE: **ASSEMBLY:** Telecommunications and Utilities

SENATE:

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 23, 2008

SENATE: June 12, 2008

DATE OF APPROVAL: September 10, 2008

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Second Reprint enacted)

A844

[SPONSOR'S STATEMENT:](#) (Begins on page 13 of original bill) Yes

COMMITTEE STATEMENT: [ASSEMBLY:](#) Yes

SENATE: No

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

[FLOOR AMENDMENT STATEMENT:](#) Yes

LEGISLATIVE FISCAL ESTIMATE: No

S299

[SPONSOR'S STATEMENT:](#) (Begins on page 14 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

[SENATE:](#) Yes

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

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GOVERNOR'S PRESS RELEASE ON SIGNING:

No

FOLLOWING WERE PRINTED:

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REPORTS:

Yes

HEARINGS:

No

NEWSPAPER ARTICLES:

No

Draft New Jersey Master Plan: April 2008.
Trenton, N.J.: New Jersey Office of the Governor, 2008. Page 78 of 89.

LAW/IS 3/27/09

P.L. 2008, CHAPTER 83, *approved September 10, 2008*
Assembly, No. 844 (*Second Reprint*)

1 AN ACT concerning certain contracts awarded for the provision of
2 ²energy conservation and² renewable energy, and amending
3 various parts of the statutory law.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. N.J.S.18A:18A-42 is amended to read as follows:
9 18A:18A-42. All contracts for the provision or performance of
10 goods or services shall be awarded for a period not to exceed 24
11 consecutive months, except that contracts for professional services
12 pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 shall
13 be awarded for a period not to exceed 12 consecutive months. Any
14 board of education may award a contract for longer periods of time
15 as follows:

16 a. Supplying of:

17 (1) Fuel for heating purposes, for any term not exceeding in the
18 aggregate, three years;

19 (2) Fuel or oil for use of automobiles, autobuses, motor vehicles
20 or equipment, for any term not exceeding in the aggregate, three
21 years;

22 (3) Thermal energy produced by a cogeneration facility, for use
23 for heating or air conditioning or both, for any term not exceeding
24 40 years, when the contract is approved by the Board of Public
25 Utilities. For the purposes of this paragraph, "cogeneration" means
26 the simultaneous production in one facility of electric power and
27 other forms of useful energy such as heating or process steam; or

28 b. Plowing and removal of snow and ice, for any term not
29 exceeding in the aggregate, three years; or

30 c. Collection and disposal of garbage and refuse, for any term
31 not exceeding in the aggregate, three years; or

32 d. Data processing service, for any term of not more than seven
33 years; or

34 e. Insurance, including the purchase of insurance coverages,
35 insurance consultant or administrative services, and including
36 participation in a joint self-insurance fund, risk management
37 program or related services provided by a school board insurance
38 group, or participation in an insurance fund established by a county
39 pursuant to N.J.S.40A:10-6, or a joint insurance fund established

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 ATU committee amendments adopted March 3, 2008.

²Senate floor amendments adopted June 12, 2008.

- 1 pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of
2 not more than three years; or
- 3 f. Leasing or servicing of automobiles, motor vehicles,
4 electronic communications equipment, machinery and equipment of
5 every nature and kind and textbooks and non-consumable
6 instructional materials, for any term not exceeding in the aggregate,
7 five years; except that contracts for the leasing of school buses may
8 be awarded for any term not exceeding in the aggregate ten years.
9 Contracts awarded pursuant to this subsection shall be awarded only
10 subject to and in accordance with rules and regulations promulgated
11 by the State Board of Education; or
- 12 g. Supplying of any product or the rendering of any service by
13 a company providing voice, data, transmission or switching
14 services, for a term not exceeding five years; or
- 15 h. (Deleted by amendment, P.L.1999, c.440.)
- 16 i. Driver education instruction conducted by private, licensed
17 driver education schools, for any term not exceeding in the
18 aggregate, three years;
- 19 j. **[Provision]** The provision or performance of goods or
20 services for the purpose of conserving energy ¹through energy
21 efficiency equipment or demand response equipment, including
22 combined heat and power ²[systems] facilities,¹ in **[the]**, ²**[or the**
23 production of class I renewable energy ¹**[or class II renewable**
24 energy]¹, as ¹**[those terms are]** that term is¹ defined in section 3 of
25 P.L.1999, c.23 (C.48:3-51),]² at, or adjacent to, buildings owned by
26 any local board of education, the entire price of which shall be
27 established as a percentage of the resultant savings in energy costs,
28 for a term not to exceed 15 years; except that these contracts shall
29 be entered into only subject to and in accordance with guidelines
30 promulgated by the Board of Public Utilities establishing a
31 methodology for computing energy ¹**[costs]** cost savings ²**[and**
32 energy generation costs]¹. As used in this subsection, "combined
33 heat and power facilities" means facilities designed to produce both
34 heat and electricity from a single heat source²;
- 35 k. Any single project for the construction, reconstruction or
36 rehabilitation of any public building, structure or facility, or any
37 public works project, including the retention of the services of any
38 architect or engineer in connection therewith, for the length of time
39 authorized and necessary for the completion of the actual
40 construction;
- 41 l. Laundry service and the rental, supply and cleaning of
42 uniforms for any term of not more than three years;
- 43 m. Food supplies and food services for any term of not more
44 than three years;
- 45 n. Purchases made under a contract awarded by the Director of
46 the Division of Purchase and Property in the Department of the
47 Treasury for use by counties, municipalities or other contracting

1 units pursuant to section 3 of P.L.1969, c.104 (C.52:25-16.1), for a
2 term not to exceed the term of that contract ²; or

3 o. The provision or performance of goods or services for the
4 purpose of producing class I renewable energy, as that term is
5 defined in section 3 of P.L.1999, c.23 (C.48:3-51), at, or adjacent
6 to, buildings owned by any local board of education, the entire price
7 of which is to be established as a percentage of the resultant savings
8 in energy costs, for a term not to exceed 15 years; provided,
9 however, that these contracts shall be entered into only subject to
10 and in accordance with guidelines promulgated by the Board of
11 Public Utilities establishing a methodology for computing energy
12 cost savings and energy generation costs².

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

28 All multiyear leases and contracts entered into pursuant to this
29 section 18A:18A-42, including any two-year or one-year
30 extensions, except contracts for insurance coverages, insurance
31 consultant or administrative services, participation or membership
32 in a joint self-insurance fund, risk management programs or related
33 services of a school board insurance group, participation in an
34 insurance fund established by a county pursuant to N.J.S.40A:10-6
35 or contracts for thermal energy authorized pursuant to subsection a.
36 above, and contracts for the provision or performance of goods or
37 services to promote energy conservation ¹through energy efficiency
38 equipment or demand response equipment, including combined heat
39 and power ²[systems] facilities, authorized pursuant to subsection
40 j. of this section^{2, 1} or the production of class I renewable energy
41 ¹[or class II renewable energy],¹ authorized pursuant to subsection
42 ²[j.] o.² of this section, shall contain a clause making them subject
43 to the availability and appropriation annually of sufficient funds as
44 may be required to meet the extended obligation, or contain an
45 annual cancellation clause. All contracts shall cease to have effect
46 at the end of the contracted period and shall not be extended by any
47 mechanism or provision, unless in conformance with the "Public
48 School Contracts Law," N.J.S.18A:18A-1 et seq., except that a

1 contract may be extended by mutual agreement of the parties to the
2 contract when a board of education has commenced rebidding prior
3 to the time the contract expires or when the awarding of a contract
4 is pending at the time the contract expires.

5 (cf: P.L.2001, c.146, s.2)

6

7 2. Section 28 of P.L.1982, c.189 (C.18A:64A-25.28) is
8 amended to read as follows:

9 28. Duration of certain contracts. A county college may only
10 enter into a contract exceeding 24 consecutive months for the:

11 a. Supplying of:

12 (1) Fuel for heating purposes for any term not exceeding in the
13 aggregate three years; or

14 (2) Fuel or oil for use in automobiles, autobuses, motor vehicles
15 or equipment for any term not exceeding in the aggregate three
16 years; or

17 b. Plowing and removal of snow and ice for any term not
18 exceeding in the aggregate three years; or

19 c. Collection and disposal of garbage and refuse for any term
20 not exceeding in the aggregate three years; or

21 d. Providing goods or services for the use, support or
22 maintenance of proprietary computer hardware, software
23 peripherals and system development for the hardware for any term
24 of not more than five years; or

25 e. Insurance, including the purchase of insurance coverages,
26 insurance consultant or administrative services, and including
27 participation in a joint self-insurance fund, risk management
28 programs or related services provided by a county college insurance
29 group, or participation in an insurance fund established by a county
30 pursuant to N.J.S.40A:10-6, for any term of not more than three
31 years; or

32 f. Leasing or service of automobiles, motor vehicles, electronic
33 communications equipment, machinery and equipment of every
34 nature and kind for any term not exceeding in the aggregate five
35 years; or

36 g. Supplying of any product or rendering of any service by a
37 company providing voice, data, transmission or switching services,
38 for a term not exceeding five years; or

39 h. The providing of food supplies and services, including food
40 supplies and management contracts for student centers, dining
41 rooms and cafeterias, for a term not exceeding three years; or

42 i. The performance of work or services or the furnishing of
43 materials or supplies for the purpose of conserving energy 'through
44 energy efficiency equipment or demand response equipment,
45 including combined heat and power ²【systems】 facilities ^{2, 1} in, ²【or
46 the production of class I renewable energy ¹【or class II renewable
47 energy,】 ¹ as ¹【those terms are】 that term is ¹ defined in section 3 of
48 P.L.1999, c.23 (C.48:3-51),】 ² at, or adjacent to, buildings owned

- 1 by, or operations conducted by, the contracting unit, the entire price
 2 of which is to be established as a percentage of the resultant savings
 3 in energy costs, for a term not exceeding ~~[10]~~ 15 years; provided
 4 that a contract is entered into only subject to and in accordance with
 5 guidelines promulgated by the Board of Public Utilities establishing
 6 a methodology for computing energy cost savings ²~~['and energy~~
 7 generation costs']. As used in this subsection, "combined heat and
 8 power facilities" means facilities designed to produce both heat and
 9 electricity from a single heat source²; or
- 10 j. Any single project for the construction, reconstruction or
 11 rehabilitation of a public building, structure or facility, or a public
 12 works project including the retention of the services of an architect
 13 or engineer in connection with the project, for the length of time
 14 necessary for the completion of the actual construction; or
- 15 k. The management and operation of bookstores for a term not
 16 exceeding five years; or
- 17 l. Custodial or janitorial services for any term not exceeding in
 18 the aggregate three years; or
- 19 m. Child care services for a term not exceeding three years; or
- 20 n. Security services for a term not exceeding three years; or
- 21 o. Ground maintenance services for a term not exceeding three
 22 years; or
- 23 p. Laundering, dry-cleaning or rental of uniforms for a term not
 24 exceeding three years ²; or
- 25 q. The performance of work or services or the furnishing of
 26 materials and supplies for the purpose of producing class I
 27 renewable energy, as that term is defined in section 3 of P.L.1999,
 28 c.23 (C.48:3-51), at, or adjacent to, buildings owned by, or
 29 operations conducted by, the contracting unit, the entire price of
 30 which is to be established as a percentage of the resultant savings in
 31 energy costs, for a term not to exceed 15 years; provided, however,
 32 that these contracts shall be entered into only subject to and in
 33 accordance with guidelines promulgated by the Board of Public
 34 Utilities establishing a methodology for computing energy cost
 35 savings and energy generation costs².
- 36 All multi-year leases and contracts entered into pursuant to this
 37 section, except contracts and agreements for the provision of work
 38 or the supplying of equipment to promote energy conservation
 39 ¹through energy efficiency equipment or demand response
 40 equipment, including combined heat and power ²[systems]
 41 facilities, and authorized pursuant to subsection i. of this section²; ¹
 42 or the production of class I renewable energy ¹[or class II
 43 renewable energy]¹ and authorized pursuant to subsection ²[i.] q.²
 44 of this section, and except contracts for insurance coverages,
 45 insurance consultant or administrative services, participation or
 46 membership in a joint self-insurance fund, risk management
 47 programs or related services of a county college insurance group,

1 and participation in an insurance fund established by a county
2 pursuant to N.J.S.40A:10-6 or a joint insurance fund established
3 pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.), shall contain a
4 clause making them subject to the availability and appropriation
5 annually of sufficient funds to meet the extended obligation or
6 contain an annual cancellation clause.

7 (cf: P.L.2001, c.281, s.7)

8

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

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

18 (1) Supplying of:

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

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

21 (c) Thermal energy produced by a cogeneration facility, for use
22 for heating or air conditioning or both, for any term not exceeding
23 40 years, when the contract is approved by the Board of Public
24 Utilities. For the purposes of this paragraph, "cogeneration" means
25 the simultaneous production in one facility of electric power and
26 other forms of useful energy such as heating or process steam;

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

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

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

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

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

10 (7) Leasing or servicing of automobiles, motor vehicles,
11 machinery and equipment of every nature and kind, for a period not
12 to exceed five years; provided, however, such contracts shall be
13 awarded only subject to and in accordance with the rules and
14 regulations promulgated by the Director of the Division of Local
15 Government Services of the Department of Community Affairs;

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

19 (9) Any single project for the construction, reconstruction or
20 rehabilitation of any public building, structure or facility, or any
21 public works project, including the retention of the services of any
22 architect or engineer in connection therewith, for the length of time
23 authorized and necessary for the completion of the actual
24 construction;

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

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

31 (12) The provision or performance of goods or services for the
32 purpose of conserving energy 'through energy efficiency equipment
33 or demand response equipment, including combined heat and power
34 ²[systems] facilities²,¹ in, ²[or the production of class I renewable
35 energy or class II renewable energy, as those terms are defined in
36 section 3 of P.L.1999, c.23 (C.48:3-51),]² at, or adjacent to,
37 buildings owned by, or operations conducted by, the contracting
38 unit, the entire price of which to be established as a percentage of
39 the resultant savings in energy costs, for a term not to exceed 15
40 years; provided, however, that such contracts shall be entered into
41 only subject to and in accordance with guidelines promulgated by
42 the Board of Public Utilities establishing a methodology for
43 computing energy cost savings ²['and energy generation costs¹].
44 As used in this subsection, "combined heat and power facilities"
45 mean facilities designed to produce both heat and electricity from a
46 single heat source²;

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

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

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

7 (16) The provision of water supply services or the designing,
8 financing, construction, operation, or maintenance, or any
9 combination thereof, of a water supply facility, or any component
10 part or parts thereof, including a water filtration system, for a period
11 not to exceed 40 years, when the contract for these services is
12 approved by the Division of Local Government Services in the
13 Department of Community Affairs, the Board of Public Utilities,
14 and the Department of Environmental Protection pursuant to
15 P.L.1985, c.37 (C.58:26-1 et al.), except that no such approvals
16 shall be required for those contracts otherwise exempted pursuant to
17 subsection (30), (31), (34), (35) or (43) of this section. For the
18 purposes of this subsection, "water supply services" means any
19 service provided by a water supply facility; "water filtration
20 system" means any equipment, plants, structures, machinery,
21 apparatus, or land, or any combination thereof, acquired, used,
22 constructed, rehabilitated, or operated for the collection,
23 impoundment, storage, improvement, filtration, or other treatment
24 of drinking water for the purposes of purifying and enhancing water
25 quality and insuring its potability prior to the distribution of the
26 drinking water to the general public for human consumption,
27 including plants and works, and other personal property and
28 appurtenances necessary for their use or operation; and "water
29 supply facility" means and refers to the real property and the plants,
30 structures, interconnections between existing water supply facilities,
31 machinery and equipment and other property, real, personal and
32 mixed, acquired, constructed or operated, or to be acquired,
33 constructed or operated, in whole or in part by or on behalf of a
34 political subdivision of the State or any agency thereof, for the
35 purpose of augmenting the natural water resources of the State and
36 making available an increased supply of water for all uses, or of
37 conserving existing water resources, and any and all appurtenances
38 necessary, useful or convenient for the collecting, impounding,
39 storing, improving, treating, filtering, conserving or transmitting of
40 water and for the preservation and protection of these resources and
41 facilities and providing for the conservation and development of
42 future water supply resources;

43 (17) The provision of resource recovery services by a qualified
44 vendor, the disposal of the solid waste delivered for disposal which
45 cannot be processed by a resource recovery facility or the residual
46 ash generated at a resource recovery facility, including hazardous
47 waste and recovered metals and other materials for reuse, or the
48 design, financing, construction, operation or maintenance of a

1 resource recovery facility for a period not to exceed 40 years when
2 the contract is approved by the Division of Local Government
3 Services in the Department of Community Affairs, and the
4 Department of Environmental Protection pursuant to P.L.1985, c.38
5 (C.13:1E-136 et al.); and when the resource recovery facility is in
6 conformance with a district solid waste management plan approved
7 pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.). For the purposes of
8 this subsection, "resource recovery facility" means a solid waste
9 facility constructed and operated for the incineration of solid waste
10 for energy production and the recovery of metals and other
11 materials for reuse; or a mechanized composting facility, or any
12 other facility constructed or operated for the collection, separation,
13 recycling, and recovery of metals, glass, paper, and other materials
14 for reuse or for energy production; and "residual ash" means the
15 bottom ash, fly ash, or any combination thereof, resulting from the
16 combustion of solid waste at a resource recovery facility;

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

30 (19) The provision of wastewater treatment services or the
31 designing, financing, construction, operation, or maintenance, or
32 any combination thereof, of a wastewater treatment system, or any
33 component part or parts thereof, for a period not to exceed 40 years,
34 when the contract for these services is approved by the Division of
35 Local Government Services in the Department of Community
36 Affairs and the Department of Environmental Protection pursuant to
37 P.L.1985, c.72 (C.58:27-1 et al.), except that no such approvals
38 shall be required for those contracts otherwise exempted pursuant to
39 subsection (36) or (43) of this section. For the purposes of this
40 subsection, "wastewater treatment services" means any services
41 provided by a wastewater treatment system, and "wastewater
42 treatment system" means equipment, plants, structures, machinery,
43 apparatus, or land, or any combination thereof, acquired, used,
44 constructed, or operated for the storage, collection, reduction,
45 recycling, reclamation, disposal, separation, or other treatment of
46 wastewater or sewage sludge, or for the final disposal of residues
47 resulting from the treatment of wastewater, including, but not
48 limited to, pumping and ventilating stations, facilities, plants and

- 1 works, connections, outfall sewers, interceptors, trunk lines, and
2 other personal property and appurtenances necessary for their
3 operation;
- 4 (20) The supplying of goods or services for the purpose of
5 lighting public streets, for a term not to exceed five years;
- 6 (21) The provision of emergency medical services for a term not
7 to exceed five years;
- 8 (22) Towing and storage contracts, awarded pursuant to
9 paragraph u. of subsection (1) of section 5 of P.L.1971, c.198
10 (C.40A:11-5) for any term not exceeding three years;
- 11 (23) Fuel for the purpose of generating electricity for a term not
12 to exceed eight years;
- 13 (24) The purchase of electricity or administrative or dispatching
14 services related to the transmission of such electricity, from a
15 supplier of electricity subject to the jurisdiction of a federal
16 regulatory agency, from a qualifying small power producing facility
17 or qualifying cogeneration facility, as defined by 16 U.S.C.s.796, or
18 from any supplier of electricity within any regional transmission
19 organization or independent system operator or from such
20 organization or operator or their successors, by a contracting unit
21 engaged in the generation of electricity for retail sale, as of May 24,
22 1991, for a term not to exceed 40 years, or by a contracting unit
23 engaged solely in the distribution of electricity for retail sale for a
24 term not to exceed ten years, except that a contract with a
25 contracting unit, engaged solely in the distribution of electricity for
26 retail sale, in excess of ten years, shall require the written approval
27 of the Director of the Division of Local Government Services. If
28 the director fails to respond in writing to the contracting unit within
29 10 business days, the contract shall be deemed approved;
- 30 (25) Basic life support services, for a period not to exceed five
31 years. For the purposes of this subsection, "basic life support"
32 means a basic level of prehospital care, which includes but need not
33 be limited to patient stabilization, airway clearance,
34 cardiopulmonary resuscitation, hemorrhage control, initial wound
35 care and fracture stabilization;
- 36 (26) (Deleted by amendment, P.L.1999, c.440.)
- 37 (27) The provision of transportation services to elderly, disabled
38 or indigent persons for any term of not more than three years. For
39 the purposes of this subsection, "elderly persons" means persons
40 who are 60 years of age or older. "Disabled persons" means
41 persons of any age who, by reason of illness, injury, age, congenital
42 malfunction, or other permanent or temporary incapacity or
43 disability, are unable, without special facilities or special planning
44 or design to utilize mass transportation facilities and services as
45 effectively as persons who are not so affected. "Indigent persons"
46 means persons of any age whose income does not exceed 100
47 percent of the poverty level, adjusted for family size, established

- 1 and adjusted under section 673(2) of subtitle B, the "Community
2 Services Block Grant 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 N.J.S.8A:1-1 et seq., for a term not exceeding 15 years;
- 29 (34) A contract between a public entity and a private firm
30 pursuant to P.L.1995, c.101 (C.58:26-19 et al.) for the provision of
31 water supply services may be entered into for any term which, when
32 all optional extension periods are added, may not exceed 40 years;
- 33 (35) A contract for the purchase of a supply of water from a
34 public utility company subject to the jurisdiction of the Board of
35 Public Utilities in accordance with tariffs and schedules of charges
36 made, charged or exacted or contracts filed with the Board of Public
37 Utilities, for any term of not more than 40 years;
- 38 (36) A contract between a public entity and a private firm or
39 public authority pursuant to P.L.1995, c.216 (C.58:27-19 et al.) for
40 the provision of wastewater treatment services may be entered into
41 for any term of not more than 40 years, including all optional
42 extension periods;
- 43 (37) The operation and management of a facility under a license
44 issued or permit approved by the Department of Environmental
45 Protection, including a wastewater treatment system or a water
46 supply or distribution facility, as the case may be, for any term of
47 not more than ten years. For the purposes of this subsection,
48 "wastewater treatment system" refers to facilities operated or

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

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

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

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

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

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

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

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

32 (45) The provision or performance of goods or services for the
33 purpose of producing class I renewable energy or class II renewable
34 energy, as those terms are defined in section 3 of P.L.1999, c.23
35 (C.48:3-51), at, or adjacent to, buildings owned by, or operations
36 conducted by, the contracting unit, the entire price of which is to be
37 established as a percentage of the resultant savings in energy costs,
38 for a term not to exceed 15 years; provided, however, that such
39 contracts shall be entered into only subject to and in accordance
40 with guidelines promulgated by the Board of Public Utilities
41 establishing a methodology for computing energy cost savings and
42 energy generation costs².

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

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

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

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

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

1 may be extended by mutual agreement of the parties to the contract
2 when a contracting unit has commenced rebidding prior to the time
3 the contract expires or when the awarding of a contract is pending
4 at the time the contract expires.

5 (cf: P.L.2005, c.296, s.2)

6

7 4. This act shall take effect immediately and shall apply to
8 contracts awarded on or after the effective date of this act.

9

10

11

12

13 _____
14 Allows certain local public entities to enter into contracts of up
15 to 15 years for energy conservation or provision of renewable
energy production at buildings owned by such entities.

ASSEMBLY, No. 844

STATE OF NEW JERSEY 213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

Sponsored by:

Assemblyman UPENDRA J. CHIVUKULA

District 17 (Middlesex and Somerset)

SYNOPSIS

Allows certain local public entities to enter into contracts of up to 15 years for provision of renewable energy production at buildings owned by such entities.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



1 AN ACT concerning certain contracts awarded for the provision of
2 renewable energy, and amending various parts of the statutory
3 law.
4

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

7
8 1. N.J.S. 18A:18A-42 is amended to read as follows:

9 18A:18A-42. All contracts for the provision or performance of
10 goods or services shall be awarded for a period not to exceed 24
11 consecutive months, except that contracts for professional services
12 pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 shall
13 be awarded for a period not to exceed 12 consecutive months. Any
14 board of education may award a contract for longer periods of time
15 as follows:

16 a. Supplying of:

17 (1) Fuel for heating purposes, for any term not exceeding in the
18 aggregate, three years;

19 (2) Fuel or oil for use of automobiles, autobuses, motor vehicles
20 or equipment, for any term not exceeding in the aggregate, three
21 years;

22 (3) Thermal energy produced by a cogeneration facility, for use
23 for heating or air conditioning or both, for any term not exceeding
24 40 years, when the contract is approved by the Board of Public
25 Utilities. For the purposes of this paragraph, "cogeneration" means
26 the simultaneous production in one facility of electric power and
27 other forms of useful energy such as heating or process steam; or

28 b. Plowing and removal of snow and ice, for any term not
29 exceeding in the aggregate, three years; or

30 c. Collection and disposal of garbage and refuse, for any term
31 not exceeding in the aggregate, three years; or

32 d. Data processing service, for any term of not more than seven
33 years; or

34 e. Insurance, including the purchase of insurance coverages,
35 insurance consultant or administrative services, and including
36 participation in a joint self-insurance fund, risk management
37 program or related services provided by a school board insurance
38 group, or participation in an insurance fund established by a county
39 pursuant to N.J.S.40A:10-6, or a joint insurance fund established
40 pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of
41 not more than three years; or

42 f. Leasing or servicing of automobiles, motor vehicles,
43 electronic communications equipment, machinery and equipment of
44 every nature and kind and textbooks and non-consumable
45 instructional materials, for any term not exceeding in the aggregate,

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 five years; except that contracts for the leasing of school buses may
2 be awarded for any term not exceeding in the aggregate ten years.
3 Contracts awarded pursuant to this subsection shall be awarded only
4 subject to and in accordance with rules and regulations promulgated
5 by the State Board of Education; or
- 6 g. Supplying of any product or the rendering of any service by
7 a company providing voice, data, transmission or switching
8 services, for a term not exceeding five years; or
- 9 h. (Deleted by amendment, P.L.1999, c.440.)
- 10 i. Driver education instruction conducted by private, licensed
11 driver education schools, for any term not exceeding in the
12 aggregate, three years;
- 13 j. **【Provision】** The provision or performance of goods or
14 services for the purpose of conserving energy in **【the】**, or the
15 production of class I renewable energy or class II renewable energy,
16 as those terms are defined in section 3 of P.L.1999, c.23 (C.48:3-
17 51), at, or adjacent to, buildings owned by any local board of
18 education, the entire price of which shall be established as a
19 percentage of the resultant savings in energy costs, for a term not to
20 exceed 15 years; except that these contracts shall be entered into
21 only subject to and in accordance with guidelines promulgated by
22 the Board of Public Utilities establishing a methodology for
23 computing energy costs;
- 24 k. Any single project for the construction, reconstruction or
25 rehabilitation of any public building, structure or facility, or any
26 public works project, including the retention of the services of any
27 architect or engineer in connection therewith, for the length of time
28 authorized and necessary for the completion of the actual
29 construction;
- 30 l. Laundry service and the rental, supply and cleaning of
31 uniforms for any term of not more than three years;
- 32 m. Food supplies and food services for any term of not more
33 than three years;
- 34 n. Purchases made under a contract awarded by the Director of
35 the Division of Purchase and Property in the Department of the
36 Treasury for use by counties, municipalities or other contracting
37 units pursuant to section 3 of P.L.1969, c.104 (C.52:25-16.1), for a
38 term not to exceed the term of that contract.
- 39 Any contract for services other than professional services, the
40 statutory length of which contract is for three years or less, may
41 include provisions for no more than one two-year, or two one-year,
42 extensions, subject to the following limitations: a. the contract shall
43 be awarded by resolution of the board of education upon a finding
44 by the board of education that the services are being performed in
45 an effective and efficient manner; b. no such contract shall be
46 extended so that it runs for more than a total of five consecutive
47 years; c. any price change included as part of an extension shall be
48 based upon the price of the original contract as cumulatively

1 adjusted pursuant to any previous adjustment or extension and shall
2 not exceed the change in the index rate for the 12 months preceding
3 the most recent quarterly calculation available at the time the
4 contract is renewed; and d. the terms and conditions of the contract
5 remain substantially the same.

6 All multiyear leases and contracts entered into pursuant to this
7 section 18A:18A-42, including any two-year or one-year
8 extensions, except contracts for insurance coverages, insurance
9 consultant or administrative services, participation or membership
10 in a joint self-insurance fund, risk management programs or related
11 services of a school board insurance group, participation in an
12 insurance fund established by a county pursuant to N.J.S.40A:10-6
13 or contracts for thermal energy authorized pursuant to subsection a.
14 above, and contracts for the provision or performance of goods or
15 services to promote energy conservation or the production of class I
16 renewable energy or class II renewable energy authorized pursuant
17 to subsection j. of this section, shall contain a clause making them
18 subject to the availability and appropriation annually of sufficient
19 funds as may be required to meet the extended obligation, or
20 contain an annual cancellation clause. All contracts shall cease to
21 have effect at the end of the contracted period and shall not be
22 extended by any mechanism or provision, unless in conformance
23 with the "Public School Contracts Law," N.J.S.18A:18A-1 et seq.,
24 except that a contract may be extended by mutual agreement of the
25 parties to the contract when a board of education has commenced
26 rebidding prior to the time the contract expires or when the
27 awarding of a contract is pending at the time the contract expires.

28 (cf: P.L.2001, c.146, s.2)

29

30 2. Section 28 of P.L.1982, c.189 (C.18A:64A-25.28) is amended
31 to read as follows:

32 28. Duration of certain contracts. A county college may only
33 enter into a contract exceeding 24 consecutive months for the:

34 a. Supplying of:

35 (1) Fuel for heating purposes for any term not exceeding in the
36 aggregate three years; or

37 (2) Fuel or oil for use in automobiles, autobuses, motor vehicles
38 or equipment for any term not exceeding in the aggregate three
39 years; or

40 b. Plowing and removal of snow and ice for any term not
41 exceeding in the aggregate three years; or

42 c. Collection and disposal of garbage and refuse for any term
43 not exceeding in the aggregate three years; or

44 d. Providing goods or services for the use, support or
45 maintenance of proprietary computer hardware, software
46 peripherals and system development for the hardware for any term
47 of not more than five years; or

- 1 e. Insurance, including the purchase of insurance coverages,
2 insurance consultant or administrative services, and including
3 participation in a joint self-insurance fund, risk management
4 programs or related services provided by a county college insurance
5 group, or participation in an insurance fund established by a county
6 pursuant to N.J.S.40A:10-6, for any term of not more than three
7 years; or
- 8 f. Leasing or service of automobiles, motor vehicles, electronic
9 communications equipment, machinery and equipment of every
10 nature and kind for any term not exceeding in the aggregate five
11 years; or
- 12 g. Supplying of any product or rendering of any service by a
13 company providing voice, data, transmission or switching services,
14 for a term not exceeding five years; or
- 15 h. The providing of food supplies and services, including food
16 supplies and management contracts for student centers, dining
17 rooms and cafeterias, for a term not exceeding three years; or
- 18 i. The performance of work or services or the furnishing of
19 materials or supplies for the purpose of conserving energy in, or the
20 production of class I renewable energy or class II renewable energy,
21 as those terms are defined in section 3 of P.L.1999, c.23 (C.48:3-
22 51), at, or adjacent to, buildings owned by, or operations conducted
23 by, the contracting unit, the entire price of which is to be
24 established as a percentage of the resultant savings in energy costs,
25 for a term not exceeding ~~10~~ 15 years; provided that a contract is
26 entered into only subject to and in accordance with guidelines
27 promulgated by the Board of Public Utilities establishing a
28 methodology for computing energy cost savings; or
- 29 j. Any single project for the construction, reconstruction or
30 rehabilitation of a public building, structure or facility, or a public
31 works project including the retention of the services of an architect
32 or engineer in connection with the project, for the length of time
33 necessary for the completion of the actual construction; or
- 34 k. The management and operation of bookstores for a term not
35 exceeding five years; or
- 36 l. Custodial or janitorial services for any term not exceeding in
37 the aggregate three years; or
- 38 m. Child care services for a term not exceeding three years; or
- 39 n. Security services for a term not exceeding three years; or
- 40 o. Ground maintenance services for a term not exceeding three
41 years; or
- 42 p. Laundering, dry-cleaning or rental of uniforms for a term not
43 exceeding three years.
- 44 All multi-year leases and contracts entered into pursuant to this
45 section, except contracts and agreements for the provision of work
46 or the supplying of equipment to promote energy conservation or
47 the production of class I renewable energy or class II renewable
48 energy and authorized pursuant to subsection i. of this section, and

1 except contracts for insurance coverages, insurance consultant or
2 administrative services, participation or membership in a joint self-
3 insurance fund, risk management programs or related services of a
4 county college insurance group, and participation in an insurance
5 fund established by a county pursuant to N.J.S.40A:10-6 or a joint
6 insurance fund established pursuant to P.L.1983, c.372 (C.40A:10-
7 36 et seq.), shall contain a clause making them subject to the
8 availability and appropriation annually of sufficient funds to meet
9 the extended obligation or contain an annual cancellation clause.

10 (cf: P.L.2001, c.281, s.7)

11

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

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

21 (1) Supplying of:

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

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

24 (c) Thermal energy produced by a cogeneration facility, for use
25 for heating or air conditioning or both, for any term not exceeding
26 40 years, when the contract is approved by the Board of Public
27 Utilities. For the purposes of this paragraph, "cogeneration" means
28 the simultaneous production in one facility of electric power and
29 other forms of useful energy such as heating or process steam;

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

31 (3) The collection and disposal of municipal solid waste, the
32 collection and disposition of recyclable material, or the disposal of
33 sewage sludge, for any term not exceeding in the aggregate, five
34 years;

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

1 requirements shall not be required for those contracts exempted
2 therefrom pursuant to section 5 of P.L.1971, c.198 (C.40A:11-5);

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

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

14 (7) Leasing or servicing of automobiles, motor vehicles,
15 machinery and equipment of every nature and kind, for a period not
16 to exceed five years; provided, however, such contracts shall be
17 awarded only subject to and in accordance with the rules and
18 regulations promulgated by the Director of the Division of Local
19 Government Services of the Department of Community Affairs;

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

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

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

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

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

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

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

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

7 (16) The provision of water supply services or the designing,
8 financing, construction, operation, or maintenance, or any
9 combination thereof, of a water supply facility, or any component
10 part or parts thereof, including a water filtration system, for a period
11 not to exceed 40 years, when the contract for these services is
12 approved by the Division of Local Government Services in the
13 Department of Community Affairs, the Board of Public Utilities,
14 and the Department of Environmental Protection pursuant to
15 P.L.1985, c.37 (C.58:26-1 et al.), except that no such approvals
16 shall be required for those contracts otherwise exempted pursuant to
17 subsection (30), (31), (34), (35) or (43) of this section. For the
18 purposes of this subsection, "water supply services" means any
19 service provided by a water supply facility; "water filtration
20 system" means any equipment, plants, structures, machinery,
21 apparatus, or land, or any combination thereof, acquired, used,
22 constructed, rehabilitated, or operated for the collection,
23 impoundment, storage, improvement, filtration, or other treatment
24 of drinking water for the purposes of purifying and enhancing water
25 quality and insuring its potability prior to the distribution of the
26 drinking water to the general public for human consumption,
27 including plants and works, and other personal property and
28 appurtenances necessary for their use or operation; and "water
29 supply facility" means and refers to the real property and the plants,
30 structures, interconnections between existing water supply facilities,
31 machinery and equipment and other property, real, personal and
32 mixed, acquired, constructed or operated, or to be acquired,
33 constructed or operated, in whole or in part by or on behalf of a
34 political subdivision of the State or any agency thereof, for the
35 purpose of augmenting the natural water resources of the State and
36 making available an increased supply of water for all uses, or of
37 conserving existing water resources, and any and all appurtenances
38 necessary, useful or convenient for the collecting, impounding,
39 storing, improving, treating, filtering, conserving or transmitting of
40 water and for the preservation and protection of these resources and
41 facilities and providing for the conservation and development of
42 future water supply resources;

43 (17) The provision of resource recovery services by a qualified
44 vendor, the disposal of the solid waste delivered for disposal which
45 cannot be processed by a resource recovery facility or the residual
46 ash generated at a resource recovery facility, including hazardous
47 waste and recovered metals and other materials for reuse, or the
48 design, financing, construction, operation or maintenance of a

1 resource recovery facility for a period not to exceed 40 years when
2 the contract is approved by the Division of Local Government
3 Services in the Department of Community Affairs, and the
4 Department of Environmental Protection pursuant to P.L.1985, c.38
5 (C.13:1E-136 et al.); and when the resource recovery facility is in
6 conformance with a district solid waste management plan approved
7 pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.). For the purposes of
8 this subsection, "resource recovery facility" means a solid waste
9 facility constructed and operated for the incineration of solid waste
10 for energy production and the recovery of metals and other
11 materials for reuse; or a mechanized composting facility, or any
12 other facility constructed or operated for the collection, separation,
13 recycling, and recovery of metals, glass, paper, and other materials
14 for reuse or for energy production; and "residual ash" means the
15 bottom ash, fly ash, or any combination thereof, resulting from the
16 combustion of solid waste at a resource recovery facility;

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

30 (19) The provision of wastewater treatment services or the
31 designing, financing, construction, operation, or maintenance, or
32 any combination thereof, of a wastewater treatment system, or any
33 component part or parts thereof, for a period not to exceed 40 years,
34 when the contract for these services is approved by the Division of
35 Local Government Services in the Department of Community
36 Affairs and the Department of Environmental Protection pursuant to
37 P.L.1985, c.72 (C.58:27-1 et al.), except that no such approvals
38 shall be required for those contracts otherwise exempted pursuant to
39 subsection (36) or (43) of this section. For the purposes of this
40 subsection, "wastewater treatment services" means any services
41 provided by a wastewater treatment system, and "wastewater
42 treatment system" means equipment, plants, structures, machinery,
43 apparatus, or land, or any combination thereof, acquired, used,
44 constructed, or operated for the storage, collection, reduction,
45 recycling, reclamation, disposal, separation, or other treatment of
46 wastewater or sewage sludge, or for the final disposal of residues
47 resulting from the treatment of wastewater, including, but not
48 limited to, pumping and ventilating stations, facilities, plants and

- 1 works, connections, outfall sewers, interceptors, trunk lines, and
2 other personal property and appurtenances necessary for their
3 operation;
- 4 (20) The supplying of goods or services for the purpose of
5 lighting public streets, for a term not to exceed five years;
- 6 (21) The provision of emergency medical services for a term not
7 to exceed five years;
- 8 (22) Towing and storage contracts, awarded pursuant to
9 paragraph u. of subsection (1) of section 5 of P.L.1971, c.198
10 (C.40A:11-5) for any term not exceeding three years;
- 11 (23) Fuel for the purpose of generating electricity for a term not
12 to exceed eight years;
- 13 (24) The purchase of electricity or administrative or dispatching
14 services related to the transmission of such electricity, from a
15 supplier of electricity subject to the jurisdiction of a federal
16 regulatory agency, from a qualifying small power producing facility
17 or qualifying cogeneration facility, as defined by 16 U.S.C.s.796, or
18 from any supplier of electricity within any regional transmission
19 organization or independent system operator or from such
20 organization or operator or their successors, by a contracting unit
21 engaged in the generation of electricity for retail sale, as of May
22 24,1991, for a term not to exceed 40 years, or by a contracting unit
23 engaged solely in the distribution of electricity for retail sale for a
24 term not to exceed ten years, except that a contract with a
25 contracting unit, engaged solely in the distribution of electricity for
26 retail sale, in excess of ten years, shall require the written approval
27 of the Director of the Division of Local Government Services. If
28 the director fails to respond in writing to the contracting unit within
29 10 business days, the contract shall be deemed approved;
- 30 (25) Basic life support services, for a period not to exceed five
31 years. For the purposes of this subsection, "basic life support"
32 means a basic level of prehospital care, which includes but need not
33 be limited to patient stabilization, airway clearance,
34 cardiopulmonary resuscitation, hemorrhage control, initial wound
35 care and fracture stabilization;
- 36 (26) (Deleted by amendment, P.L.1999, c.440.)
- 37 (27) The provision of transportation services to elderly, disabled
38 or indigent persons for any term of not more than three years. For
39 the purposes of this subsection, "elderly persons" means persons
40 who are 60 years of age or older. "Disabled persons" means
41 persons of any age who, by reason of illness, injury, age, congenital
42 malfunction, or other permanent or temporary incapacity or
43 disability, are unable, without special facilities or special planning
44 or design to utilize mass transportation facilities and services as
45 effectively as persons who are not so affected. "Indigent persons"
46 means persons of any age whose income does not exceed 100
47 percent of the poverty level, adjusted for family size, established

- 1 and adjusted under section 673(2) of subtitle B, the "Community
2 Services Block Grant 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 N.J.S.8A:1-1 et seq., for a term not exceeding 15 years;
- 29 (34) A contract between a public entity and a private firm
30 pursuant to P.L.1995, c.101 (C.58:26-19 et al.) for the provision of
31 water supply services may be entered into for any term which, when
32 all optional extension periods are added, may not exceed 40 years;
- 33 (35) A contract for the purchase of a supply of water from a
34 public utility company subject to the jurisdiction of the Board of
35 Public Utilities in accordance with tariffs and schedules of charges
36 made, charged or exacted or contracts filed with the Board of Public
37 Utilities, for any term of not more than 40 years;
- 38 (36) A contract between a public entity and a private firm or
39 public authority pursuant to P.L.1995, c.216 (C.58:27-19 et al.) for
40 the provision of wastewater treatment services may be entered into
41 for any term of not more than 40 years, including all optional
42 extension periods;
- 43 (37) The operation and management of a facility under a license
44 issued or permit approved by the Department of Environmental
45 Protection, including a wastewater treatment system or a water
46 supply or distribution facility, as the case may be, for any term of
47 not more than ten years. For the purposes of this subsection,
48 "wastewater treatment system" refers to facilities operated or

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

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

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

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

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

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

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

28 (44) The purchase of electricity generated from a power
29 production facility that is fueled by methane gas extracted from a
30 landfill in the county of the contacting unit for any term not
31 exceeding 25 years.

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

47 All multiyear leases and contracts entered into pursuant to this
48 section, including any two-year or one-year extensions, except

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

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

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

39 (cf: P.L.2005, c.296, s.2)

40

41 4. This act shall take effect immediately and shall apply to
42 contracts awarded on or after the effective date of this act.

43

44

45

STATEMENT

46

47 This bill allows an entity subject to the provisions of the "Public
48 School Contracts Law," N.J.S.18A:18A-1 et seq., the "County

1 College Contracts Law," P.L.1982, c.189 (C.18A:64A-25.1 et seq.)
2 or the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1
3 et seq.), as applicable, to enter into contracts of up to 15 years for
4 the provision or performance of goods or services for the purpose of
5 producing class I renewable energy or class II renewable energy, as
6 those terms are defined in section 3 of P.L.1999, c.23 (C.48:3-51),
7 at, or adjacent to, buildings owned by such entity. The entire price
8 of any contract is to be established as a percentage of the resultant
9 savings in energy costs. Contracts are to be entered into only
10 subject to and in accordance with guidelines promulgated by the
11 Board of Public Utilities establishing a methodology for computing
12 energy costs. Current law allows entities subject to the provisions
13 of the "Public School Contracts Law" and the "Local Public
14 Contracts Law to enter into such contracts under these terms for the
15 provision or performance of goods or services for the purpose of
16 conserving energy in buildings owned by these entities. The bill
17 also extends the contract term limit from 10 to 15 years to those
18 entities subject to the "County College Contracts Law" to enter into
19 contracts for the performance of work or services or the furnishing
20 of materials and supplies for the purpose of conserving energy in
21 buildings owned by, or operations conducted by, these entities.

22 Section 3 of P.L.1999, c.23 (C.48:3-51) defines "Class I
23 renewable energy" as electric energy produced from solar
24 technologies, photovoltaic technologies, wind energy, fuel cells,
25 geothermal technologies, wave or tidal action, and methane gas
26 from landfills or a biomass facility, provided that the biomass is
27 cultivated and harvested in a sustainable manner and "Class II
28 renewable energy" as electric energy produced at a resource
29 recovery facility or hydropower facility, provided that such facility
30 is located where retail competition is permitted and provided further
31 that the Commissioner of Environmental Protection has determined
32 that such facility meets the highest environmental standards and
33 minimizes any impacts to the environment and local communities.

ASSEMBLY TELECOMMUNICATIONS AND UTILITIES
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 844

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 3, 2008

The Assembly Telecommunications and Utilities Committee reports favorably Assembly Bill No. 844 with committee amendments.

As amended, this bill allows an entity subject to the provisions of the "Public School Contracts Law," N.J.S.18A:18A-1 et seq., and the "County College Contracts Law," P.L.1982, c.189 (C.18A:64A-25.1 et seq.), as applicable, to enter into contracts of up to 15 years for the provision or performance of goods or services for the purpose of producing class I renewable energy, as that term is defined in section 3 of P.L.1999, c.23 (C.48:3-51), at, or adjacent to, buildings owned by such entity.

As amended, this bill allows an entity subject to the provisions of the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.), to enter into contracts of up to 15 years for the provision or performance of goods or services for the purpose of producing class I renewable energy or class II renewable energy, as those terms are defined in section 3 of P.L.1999, c.23 (C.48:3-51), at, or adjacent to, buildings owned by such entity.

Under current law, the entire price of any such contracts is to be established as a percentage of the resultant savings in energy costs. As amended, the bill provides that these contracts are to be entered into subject to, and in accordance with, guidelines promulgated by the Board of Public Utilities (the "BPU") establishing a methodology for computing energy cost savings and energy generation costs.

The bill, as amended, also clarifies that contracts entered into for the purpose of "conserving energy" refers to the furnishing of "energy efficiency equipment or demand response equipment including combined heat and power systems."

Section 3 of P.L.1999, c.23 (C.48:3-51) defines "Class I renewable energy" as electric energy produced from solar technologies, photovoltaic technologies, wind energy, fuel cells, geothermal technologies, wave or tidal action, and methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner and "Class II renewable energy" as electric energy produced at a resource recovery facility or hydropower facility,

provided that such facility is located where retail competition is permitted and provided further that the Commissioner of Environmental Protection has determined that such facility meets the highest environmental standards and minimizes any impacts to the environment and local communities.

This bill was pre-filed for introduction in the 2008-2009 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

Committee Amendments

The committee adopted amendments to clarify terminology in the bill referring to "conserving energy" and to provide for the BPU to adopt methodology for computing energy generation costs applicable to contracts entered into under the bill.

The committee also adopted amendments limiting the type of long-term contracts that may be entered into by public schools and county colleges to class I renewable energy contracts.

STATEMENT TO
[First Reprint]
ASSEMBLY No. 844

with Senate Floor Amendments
(Proposed By Senator T. KEAN)

ADOPTED: JUNE 12, 2008

These amendments: 1) create a definition of "combined heat and power facilities;" 2) place in a separate subsection of applicable contract laws those provisions allowing local entities to enter into renewable energy production contracts for terms not exceeding 15 years; and 3) correct the bill's title.

SENATE, No. 299

STATE OF NEW JERSEY 213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

Sponsored by:

Senator THOMAS H. KEAN, JR.

District 21 (Essex, Morris, Somerset and Union)

Senator RONALD L. RICE

District 28 (Essex)

Co-Sponsored by:

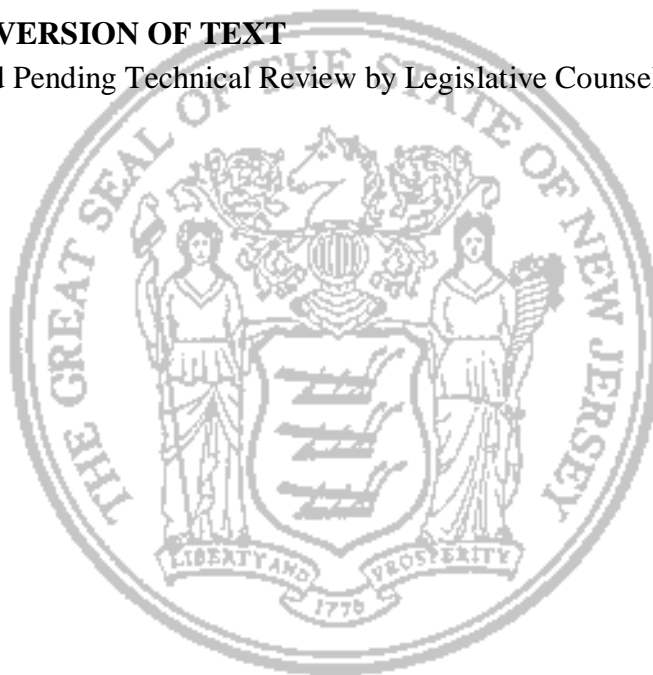
Senator Gordon

SYNOPSIS

Allows certain local public entities to enter into contracts of up to 15 years for provision of renewable energy production at buildings owned by such entities.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 6/13/2008)

1 AN ACT concerning certain contracts awarded for the provision of
2 renewable energy, and amending various parts of the statutory
3 law.

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

7
8 1. N.J.S.18A:18A-42 is amended to read as follows:

9 18A:18A-42. All contracts for the provision or performance of
10 goods or services shall be awarded for a period not to exceed 24
11 consecutive months, except that contracts for professional services
12 pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 shall
13 be awarded for a period not to exceed 12 consecutive months. Any
14 board of education may award a contract for longer periods of time
15 as follows:

16 a. Supplying of:

17 (1) Fuel for heating purposes, for any term not exceeding in the
18 aggregate, three years;

19 (2) Fuel or oil for use of automobiles, autobuses, motor vehicles
20 or equipment, for any term not exceeding in the aggregate, three
21 years;

22 (3) Thermal energy produced by a cogeneration facility, for use
23 for heating or air conditioning or both, for any term not exceeding
24 40 years, when the contract is approved by the Board of Public
25 Utilities. For the purposes of this paragraph, "cogeneration" means
26 the simultaneous production in one facility of electric power and
27 other forms of useful energy such as heating or process steam; or

28 b. Plowing and removal of snow and ice, for any term not
29 exceeding in the aggregate, three years; or

30 c. Collection and disposal of garbage and refuse, for any term
31 not exceeding in the aggregate, three years; or

32 d. Data processing service, for any term of not more than seven
33 years; or

34 e. Insurance, including the purchase of insurance coverages,
35 insurance consultant or administrative services, and including
36 participation in a joint self-insurance fund, risk management
37 program or related services provided by a school board insurance
38 group, or participation in an insurance fund established by a county
39 pursuant to N.J.S.40A:10-6, or a joint insurance fund established
40 pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of
41 not more than three years; or

42 f. Leasing or servicing of automobiles, motor vehicles,
43 electronic communications equipment, machinery and equipment of
44 every nature and kind and textbooks and non-consumable
45 instructional materials, for any term not exceeding in the aggregate,

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 five years; except that contracts for the leasing of school buses may
2 be awarded for any term not exceeding in the aggregate ten years.
3 Contracts awarded pursuant to this subsection shall be awarded only
4 subject to and in accordance with rules and regulations promulgated
5 by the State Board of Education; or
- 6 g. Supplying of any product or the rendering of any service by
7 a company providing voice, data, transmission or switching
8 services, for a term not exceeding five years; or
- 9 h. (Deleted by amendment, P.L.1999, c.440.)
- 10 i. Driver education instruction conducted by private, licensed
11 driver education schools, for any term not exceeding in the
12 aggregate, three years;
- 13 j. **[Provision]** The provision or performance of goods or
14 services for the purpose of conserving energy in **[the], or the**
15 production of class I renewable energy or class II renewable energy,
16 as those terms are defined in section 3 of P.L.1999, c.23 (C.48:3-
17 51), at, or adjacent to, buildings owned by any local board of
18 education, the entire price of which shall be established as a
19 percentage of the resultant savings in energy costs, for a term not to
20 exceed 15 years; except that these contracts shall be entered into
21 only subject to and in accordance with guidelines promulgated by
22 the Board of Public Utilities establishing a methodology for
23 computing energy costs;
- 24 k. Any single project for the construction, reconstruction or
25 rehabilitation of any public building, structure or facility, or any
26 public works project, including the retention of the services of any
27 architect or engineer in connection therewith, for the length of time
28 authorized and necessary for the completion of the actual
29 construction;
- 30 l. Laundry service and the rental, supply and cleaning of
31 uniforms for any term of not more than three years;
- 32 m. Food supplies and food services for any term of not more
33 than three years;
- 34 n. Purchases made under a contract awarded by the Director of
35 the Division of Purchase and Property in the Department of the
36 Treasury for use by counties, municipalities or other contracting
37 units pursuant to section 3 of P.L.1969, c.104 (C.52:25-16.1), for a
38 term not to exceed the term of that contract.
- 39 Any contract for services other than professional services, the
40 statutory length of which contract is for three years or less, may
41 include provisions for no more than one two-year, or two one-year,
42 extensions, subject to the following limitations: a. the contract shall
43 be awarded by resolution of the board of education upon a finding
44 by the board of education that the services are being performed in
45 an effective and efficient manner; b. no such contract shall be
46 extended so that it runs for more than a total of five consecutive
47 years; c. any price change included as part of an extension shall be

1 based upon the price of the original contract as cumulatively
2 adjusted pursuant to any previous adjustment or extension and shall
3 not exceed the change in the index rate for the 12 months preceding
4 the most recent quarterly calculation available at the time the
5 contract is renewed; and d. the terms and conditions of the contract
6 remain substantially the same.

7 All multiyear leases and contracts entered into pursuant to this
8 section 18A:18A-42, including any two-year or one-year
9 extensions, except contracts for insurance coverages, insurance
10 consultant or administrative services, participation or membership
11 in a joint self-insurance fund, risk management programs or related
12 services of a school board insurance group, participation in an
13 insurance fund established by a county pursuant to N.J.S.40A:10-6
14 or contracts for thermal energy authorized pursuant to subsection a.
15 above, and contracts for the provision or performance of goods or
16 services to promote energy conservation or the production of class I
17 renewable energy or class II renewable energy authorized pursuant
18 to subsection j. of this section, shall contain a clause making them
19 subject to the availability and appropriation annually of sufficient
20 funds as may be required to meet the extended obligation, or
21 contain an annual cancellation clause. All contracts shall cease to
22 have effect at the end of the contracted period and shall not be
23 extended by any mechanism or provision, unless in conformance
24 with the "Public School Contracts Law," N.J.S.18A:18A-1 et seq.,
25 except that a contract may be extended by mutual agreement of the
26 parties to the contract when a board of education has commenced
27 rebidding prior to the time the contract expires or when the
28 awarding of a contract is pending at the time the contract expires.
29 (cf: P.L.2001, c.146, s.2)

30
31 2. Section 28 of P.L.1982, c.189 (C.18A:64A-25.28) is amended
32 to read as follows:

33 28. Duration of certain contracts. A county college may only
34 enter into a contract exceeding 24 consecutive months for the:

35 a. Supplying of:

36 (1) Fuel for heating purposes for any term not exceeding in the
37 aggregate three years; or

38 (2) Fuel or oil for use in automobiles, autobuses, motor vehicles
39 or equipment for any term not exceeding in the aggregate three
40 years; or

41 b. Plowing and removal of snow and ice for any term not
42 exceeding in the aggregate three years; or

43 c. Collection and disposal of garbage and refuse for any term
44 not exceeding in the aggregate three years; or

45 d. Providing goods or services for the use, support or
46 maintenance of proprietary computer hardware, software

- 1 peripherals and system development for the hardware for any term
2 of not more than five years; or
- 3 e. Insurance, including the purchase of insurance coverages,
4 insurance consultant or administrative services, and including
5 participation in a joint self-insurance fund, risk management
6 programs or related services provided by a county college insurance
7 group, or participation in an insurance fund established by a county
8 pursuant to N.J.S.40A:10-6, for any term of not more than three
9 years; or
- 10 f. Leasing or service of automobiles, motor vehicles, electronic
11 communications equipment, machinery and equipment of every
12 nature and kind for any term not exceeding in the aggregate five
13 years; or
- 14 g. Supplying of any product or rendering of any service by a
15 company providing voice, data, transmission or switching services,
16 for a term not exceeding five years; or
- 17 h. The providing of food supplies and services, including food
18 supplies and management contracts for student centers, dining
19 rooms and cafeterias, for a term not exceeding three years; or
- 20 i. The performance of work or services or the furnishing of
21 materials or supplies for the purpose of conserving energy in, or the
22 production of class I renewable energy or class II renewable energy,
23 as those terms are defined in section 3 of P.L.1999, c.23 (C.48:3-
24 51), at, or adjacent to, buildings owned by, or operations conducted
25 by, the contracting unit, the entire price of which is to be
26 established as a percentage of the resultant savings in energy costs,
27 for a term not exceeding **[10]** 15 years; provided that a contract is
28 entered into only subject to and in accordance with guidelines
29 promulgated by the Board of Public Utilities establishing a
30 methodology for computing energy cost savings; or
- 31 j. Any single project for the construction, reconstruction or
32 rehabilitation of a public building, structure or facility, or a public
33 works project including the retention of the services of an architect
34 or engineer in connection with the project, for the length of time
35 necessary for the completion of the actual construction; or
- 36 k. The management and operation of bookstores for a term not
37 exceeding five years; or
- 38 l. Custodial or janitorial services for any term not exceeding in
39 the aggregate three years; or
- 40 m. Child care services for a term not exceeding three years; or
- 41 n. Security services for a term not exceeding three years; or
- 42 o. Ground maintenance services for a term not exceeding three
43 years; or
- 44 p. Laundering, dry-cleaning or rental of uniforms for a term not
45 exceeding three years.
- 46 All multi-year leases and contracts entered into pursuant to this
47 section, except contracts and agreements for the provision of work

1 or the supplying of equipment to promote energy conservation or
2 the production of class I renewable energy or class II renewable
3 energy and authorized pursuant to subsection i. of this section, and
4 except contracts for insurance coverages, insurance consultant or
5 administrative services, participation or membership in a joint self-
6 insurance fund, risk management programs or related services of a
7 county college insurance group, and participation in an insurance
8 fund established by a county pursuant to N.J.S.40A:10-6 or a joint
9 insurance fund established pursuant to P.L.1983, c.372 (C.40A:10-
10 36 et seq.), shall contain a clause making them subject to the
11 availability and appropriation annually of sufficient funds to meet
12 the extended obligation or contain an annual cancellation clause.
13 (cf: P.L.2001, c.281, s.7)

14

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

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

24 (1) Supplying of:

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

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

27 (c) Thermal energy produced by a cogeneration facility, for use
28 for heating or air conditioning or both, for any term not exceeding
29 40 years, when the contract is approved by the Board of Public
30 Utilities. For the purposes of this paragraph, "cogeneration" means
31 the simultaneous production in one facility of electric power and
32 other forms of useful energy such as heating or process steam;

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

34 (3) The collection and disposal of municipal solid waste, the
35 collection and disposition of recyclable material, or the disposal of
36 sewage sludge, for any term not exceeding in the aggregate, five
37 years;

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

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

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

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

17 (7) Leasing or servicing of automobiles, motor vehicles,
18 machinery and equipment of every nature and kind, for a period not
19 to exceed five years; provided, however, such contracts shall be
20 awarded only subject to and in accordance with the rules and
21 regulations promulgated by the Director of the Division of Local
22 Government Services of the Department of Community 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)The provision or performance of goods or services for the
39 purpose of conserving energy in, or the production of class I
40 renewable energy or class II renewable energy, as those terms are
41 defined in section 3 of P.L.1999, c.23 (C.48:3-51), at, or adjacent
42 to, buildings owned by, or operations conducted by, the contracting
43 unit, the entire price of which to be established as a percentage of
44 the resultant savings in energy costs, for a term not to exceed 15
45 years; provided, however, that such contracts shall be entered into
46 only subject to and in accordance with guidelines promulgated by

1 the Board of Public Utilities establishing a methodology for
2 computing energy cost savings;

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

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

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

11 (16)The provision of water supply services or the designing,
12 financing, construction, operation, or maintenance, or any
13 combination thereof, of a water supply facility, or any component
14 part or parts thereof, including a water filtration system, for a period
15 not to exceed 40 years, when the contract for these services is
16 approved by the Division of Local Government Services in the
17 Department of Community Affairs, the Board of Public Utilities,
18 and the Department of Environmental Protection pursuant to
19 P.L.1985, c.37 (C.58:26-1 et al.), except that no such approvals
20 shall be required for those contracts otherwise exempted pursuant to
21 subsection (30), (31), (34), (35) or (43) of this section. For the
22 purposes of this subsection, "water supply services" means any
23 service provided by a water supply facility; "water filtration
24 system" means any equipment, plants, structures, machinery,
25 apparatus, or land, or any combination thereof, acquired, used,
26 constructed, rehabilitated, or operated for the collection,
27 impoundment, storage, improvement, filtration, or other treatment
28 of drinking water for the purposes of purifying and enhancing water
29 quality and insuring its potability prior to the distribution of the
30 drinking water to the general public for human consumption,
31 including plants and works, and other personal property and
32 appurtenances necessary for their use or operation; and "water
33 supply facility" means and refers to the real property and the plants,
34 structures, interconnections between existing water supply facilities,
35 machinery and equipment and other property, real, personal and
36 mixed, acquired, constructed or operated, or to be acquired,
37 constructed or operated, in whole or in part by or on behalf of a
38 political subdivision of the State or any agency thereof, for the
39 purpose of augmenting the natural water resources of the State and
40 making available an increased supply of water for all uses, or of
41 conserving existing water resources, and any and all appurtenances
42 necessary, useful or convenient for the collecting, impounding,
43 storing, improving, treating, filtering, conserving or transmitting of
44 water and for the preservation and protection of these resources and
45 facilities and providing for the conservation and development of
46 future water supply resources;

47 (17)The provision of resource recovery services by a qualified

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

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

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

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

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

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

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

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

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

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

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

43 (27)The provision of transportation services to elderly, disabled
44 or indigent persons for any term of not more than three years. For
45 the purposes of this subsection, "elderly persons" means persons
46 who are 60 years of age or older. "Disabled persons" means
47 persons of any age who, by reason of illness, injury, age, congenital

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 Any contract for services other than professional services, the
41 statutory length of which contract is for three years or less, may
42 include provisions for no more than one two-year, or two one-year,
43 extensions, subject to the following limitations: a. The contract
44 shall be awarded by resolution of the governing body upon a
45 finding by the governing body that the services are being performed
46 in an effective and efficient manner; b. No such contract shall be
47 extended so that it runs for more than a total of five consecutive

1 years; c. Any price change included as part of an extension shall be
2 based upon the price of the original contract as cumulatively
3 adjusted pursuant to any previous adjustment or extension and shall
4 not exceed the change in the index rate for the 12 months preceding
5 the most recent quarterly calculation available at the time the
6 contract is renewed; and d. The terms and conditions of the
7 contract remain substantially the same.

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

36 The Division of Local Government Services in the Department
37 of Community Affairs shall adopt and promulgate rules and
38 regulations concerning the methods of accounting for all contracts
39 that do not coincide with the fiscal year.

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

1 at the time the contract expires.
2 (cf: P.L.2005, c.296, s.2)

3

4 4. This act shall take effect immediately and shall apply to
5 contracts awarded on or after the effective date of this act.

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STATEMENT

9

10 This bill allows an entity subject to the provisions of the "Public
11 School Contracts Law," N.J.S.18A:18A-1 et seq., the "County
12 College Contracts Law," P.L.1982, c.189 (C.18A:64A-25.1 et seq.)
13 or the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1
14 et seq.), as applicable, to enter into contracts of up to 15 years for
15 the provision or performance of goods or services for the purpose of
16 producing class I renewable energy or class II renewable energy, as
17 those terms are defined in section 3 of P.L.1999, c.23 (C.48:3-51),
18 at, or adjacent to, buildings owned by such entity. The entire price
19 of any contract is to be established as a percentage of the resultant
20 savings in energy costs. Contracts are to be entered into only
21 subject to and in accordance with guidelines promulgated by the
22 Board of Public Utilities establishing a methodology for computing
23 energy costs. Current law allows entities subject to the provisions
24 of the "Public School Contracts Law" and the "Local Public
25 Contracts Law" to enter into such contracts under these terms for the
26 provision or performance of goods or services for the purpose of
27 conserving energy in buildings owned by these entities. The bill
28 also extends the contract term limit from 10 to 15 years to those
29 entities subject to the "County College Contracts Law" to enter into
30 contracts for the performance of work or services or the furnishing
31 of materials and supplies for the purpose of conserving energy in
32 buildings owned by, or operations conducted by, these entities.

33 Section 3 of P.L.1999, c.23 (C.48:3-51) defines "Class I
34 renewable energy" as electric energy produced from solar
35 technologies, photovoltaic technologies, wind energy, fuel cells,
36 geothermal technologies, wave or tidal action, and methane gas
37 from landfills or a biomass facility, provided that the biomass is
38 cultivated and harvested in a sustainable manner and "Class II
39 renewable energy" as electric energy produced at a resource
40 recovery facility or hydropower facility, provided that such facility
41 is located where retail competition is permitted and provided further
42 that the Commissioner of Environmental Protection has determined
43 that such facility meets the highest environmental standards and
44 minimizes any impacts to the environment and local communities.

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 299

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 19, 2008

The Senate Economic Growth Committee reports favorably Senate Bill No. 299 with committee amendments.

As amended, this bill allows an entity subject to the provisions of the "Public School Contracts Law," N.J.S.18A:18A-1 et seq., and the "County College Contracts Law," P.L.1982, c.189 (C.18A:64A-25.1 et seq.), as applicable, to enter into contracts of up to 15 years for the provision or performance of goods or services for the purpose of producing class I renewable energy, as that term is defined in section 3 of P.L.1999, c.23 (C.48:3-51), at, or adjacent to, buildings owned by such entity.

As amended, this bill allows an entity subject to the provisions of the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.), to enter into contracts of up to 15 years for the provision or performance of goods or services for the purpose of producing class I renewable energy or class II renewable energy, as those terms are defined in section 3 of P.L.1999, c.23 (C.48:3-51), at, or adjacent to, buildings owned by such entity.

The bill, as amended, also clarifies that contracts entered into for the purpose of "conserving energy" refers to the furnishing of "energy efficiency equipment or demand response equipment, including combined heat and power facilities."

Under current law, the entire price of any such contracts is to be established as a percentage of the resultant savings in energy costs. As amended, the bill provides that these contracts are to be entered into subject to, and in accordance with, guidelines promulgated by the Board of Public Utilities ("BPU") establishing a methodology for computing energy cost savings and energy generation costs, as applicable.

Section 3 of P.L.1999, c.23 (C.48:3-51) defines "Class I renewable energy" as electric energy produced from solar technologies, photovoltaic technologies, wind energy, fuel cells, geothermal technologies, wave or tidal action, and methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner, and "Class II renewable energy" as electric energy produced at a resource recovery facility or hydropower facility,

provided that such facility is located where retail competition is permitted and provided further that the Commissioner of Environmental Protection has determined that such facility meets the highest environmental standards and minimizes any impacts to the environment and local communities.

The committee adopted amendments to clarify terminology in the bill referring to "conserving energy" and to provide for the BPU to adopt a methodology for computing energy generation costs and savings applicable to contracts entered into under the bill.

The committee also adopted amendments limiting the type of long-term contracts that may be entered into by public schools and county colleges to class I renewable energy contracts.

The committee further amended the bill to provide that entities subject to the "Local Public Contracts Law" may enter into contracts for up to 25 years for the purchase of electricity generated through "Class I renewable energy."

This bill was pre-filed for introduction in the 2008-2009 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.