

40A:11-15

LEGISLATIVE HISTORY CHECKLIST
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(Local government contracts--
health care services--allow 3 year
contracts)

NJSA: 40A:11-15

LAWS OF: 1992 CHAPTER: 63

BILL NO: A602

SPONSOR(S): Connors

DATE INTRODUCED: Pre-filed

COMMITTEE: ASSEMBLY: Local Government

SENATE: Community Affairs

AMENDED DURING PASSAGE: Yes Amendments during passage
denoted by asterisks

DATE OF PASSAGE: ASSEMBLY: February 24, 1992

SENATE: June 4, 1992

DATE OF APPROVAL: July 28, 1992

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes

FISCAL NOTE: No

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MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

[FIRST REPRINT]
ASSEMBLY, No. 602
STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1992 SESSION

By Assemblymen CONNORS and MORAN

1 AN ACT concerning the term of certain contracts and amending
2 P.L.1971, c.198.

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

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

8 15. Duration of certain contracts. All purchases, contracts
9 or agreements for the performing of work or the furnishing of
10 materials, supplies or services shall be made for a period not to
11 exceed 12 consecutive months, except that contracts or
12 agreements may be entered into for longer periods of time as
13 follows:

14 (1) Supplying of:

15 (a) Fuel for heating purposes, for any term not exceeding in
16 the aggregate, two years;

17 (b) Fuel or oil for use of airplanes, automobiles, motor
18 vehicles or equipment for any term not exceeding in the
19 aggregate, two years;

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

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

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:
1 Senate SCO committee amendments adopted April 6, 1992.

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

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

8 (6) Insurance, for any term of not more than three years;

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

16 (8) The supplying of any product or the rendering of any
17 service by a telephone company which is subject to the
18 jurisdiction of the Board of Public Utilities for a term not
19 exceeding five years;

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

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

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

32 (12) The performance of work or services or the furnishing of
33 materials or supplies for the purpose of conserving energy in
34 buildings owned by, or operations conducted by, the contracting
35 unit, the entire price of which to be established as a percentage
36 of the resultant savings in energy costs, for a term not to
37 exceed 10 years; provided, however, that such contracts shall be
38 entered into only subject to and in accordance with rules and
39 regulations promulgated by the Division of Energy Planning and
40 Conservation of the Board of Public Utilities, establishing a
41 methodology for computing energy cost savings;

42 (13) The performance of work or services or the furnishing of
43 materials or supplies for the purpose of elevator maintenance
44 for any term not exceeding three years;

45 (14) Leasing or servicing of electronic communications
46 equipment for a period not to exceed five years; provided,
47 however, such contract shall be entered into only subject to and
48 in accordance with the rules and regulations promulgated by the
49 Director of the Division of Local Government Services of the
50 Department of Community Affairs;

51 (15) Leasing of motor vehicles, machinery and other
52 equipment primarily used to fight fires, for a term not to exceed
53 seven years, when the contract includes an option to purchase,
54 subject to and in accordance with rules and regulations

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

3 (16) The provision of water supply services or the designing,
4 financing, construction, operation, or maintenance, or any
5 combination thereof, of a water supply facility, or any
6 component part or parts thereof, including a water filtration
7 system, for a period not to exceed 40 years, when the contract
8 for these services is approved by the Division of Local
9 Government Services in the Department of Community Affairs,
10 the Board of Public Utilities, and the Department of
11 Environmental Protection pursuant to P.L.1985, c.37 (C.58:26-1
12 et seq.). For the purposes of this subsection, "water supply
13 services" means any service provided by a water supply facility;
14 "water filtration system" means any equipment, plants,
15 structures, machinery, apparatus, or land, or any combination
16 thereof, acquired, used, constructed, rehabilitated, or operated
17 for the collection, impoundment, storage, improvement,
18 filtration, or other treatment of drinking water for the purposes
19 of purifying and enhancing water quality and insuring its
20 potability prior to the distribution of the drinking water to the
21 general public for human consumption, including plants and
22 works, and other personal property and appurtenances necessary
23 for their use or operation; and "water supply facility" means and
24 refers to the real property and the plants, structures,
25 interconnections between existing water supply facilities,
26 machinery and equipment and other property, real, personal and
27 mixed, acquired, constructed or operated, or to be acquired,
28 constructed or operated, in whole or in part by or on behalf of a
29 political subdivision of the State or any agency thereof, for the
30 purpose of augmenting the natural water resources of the State
31 and making available an increased supply of water for all uses,
32 or of conserving existing water resources, and any and all
33 appurtenances necessary, useful or convenient for the
34 collecting, impounding, storing, improving, treating, filtering,
35 conserving or transmitting of water and for the preservation and
36 protection of these resources and facilities and providing for the
37 conservation and development of future water supply resources;

38 (17) The provision of solid waste disposal services by a
39 resource recovery facility, the furnishing of products of a
40 resource recovery facility, the disposal of the solid waste
41 delivered for disposal which cannot be processed by a resource
42 recovery facility or the waste products resulting from the
43 operation of a resource recovery facility, including hazardous
44 waste and recovered metals and other materials for reuse, or
45 the design, financing, construction, operation or maintenance of
46 a resource recovery facility for a period not to exceed 40 years
47 when the contract is approved by the Division of Local
48 Government Services in the Department of Community Affairs,
49 the Board of Public Utilities, and the Department of
50 Environmental Protection; and when the facility is in
51 conformance with a solid waste management plan approved
52 pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.). For the purposes
53 of this subsection, "resource recovery facility" means a solid
54 waste facility constructed and operated for the incineration of

1 solid waste for energy production and the recovery of metals
2 and other materials for reuse; or a mechanized composting
3 facility, or any other solid waste facility constructed or
4 operated for the collection, separation, recycling, and recovery
5 of metals, glass, paper, and other materials for reuse or for
6 energy production;

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

20 (19) The provision of wastewater treatment services or the
21 designing, financing, construction, operation, or maintenance, or
22 any combination thereof, of a wastewater treatment system, or
23 any component part or parts thereof, for a period not to exceed
24 40 years, when the contract for these services is approved by
25 the Division of Local Government Services in the Department of
26 Community Affairs and the Department of Environmental
27 Protection pursuant to P.L.1985, c.72 (C.58:27-1 et seq.). For
28 the purposes of this subsection, "wastewater treatment
29 services" means any [service] services provided by a wastewater
30 treatment system, and "wastewater treatment system" means
31 equipment, plants, structures, machinery, apparatus, or land, or
32 any combination thereof, acquired, used, constructed, or
33 operated for the storage, collection, reduction, recycling,
34 reclamation, disposal, separation, or other treatment of
35 wastewater or sewage sludge, or for the final disposal of
36 residues resulting from the treatment of wastewater, including,
37 but not limited to, pumping and ventilating stations, facilities,
38 plants and works, connections, outfall sewers, interceptors,
39 trunk lines, and other personal property, and appurtenances
40 necessary for their operation;

41 (20) The supplying of materials or services for the purpose of
42 lighting public streets, for a term not to exceed five years,
43 provided that the rates, fares, tariffs or charges for the
44 supplying of electricity for that purpose are approved by the
45 Board of Public Utilities;

46 (21) In the case of a contracting unit which is a county or
47 municipality, the provision of emergency medical services by a
48 hospital to residents of a municipality or county as appropriate
49 for a term not to exceed five years;

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

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

1 (24) The purchase of electricity or administrative or
2 dispatching services related to the transmission of such
3 electricity, from a public utility company subject to the
4 jurisdiction of the Board of Public Utilities, a similar regulatory
5 body of another state, or a federal regulatory agency, or from a
6 qualifying small power producing facility or qualifying
7 cogeneration facility, as defined by 16 U.S.C. §796, by a
8 contracting unit engaged in the generation of electricity for
9 retail sale, as of the date of this amendatory act, for a term not
10 to exceed 40 years;

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

17 (26) Claims administration services, for any term not to
18 exceed three years;

19 (27) The provision of transportation services to elderly,
20 disabled or indigent persons for any term of not more than three
21 years. For the purposes of this subsection, "elderly persons"
22 means persons who are 60 years of age or older. Disabled
23 persons" means persons of any age who, by reason of illness,
24 injury, age, congenital malfunction, or other permanent or
25 temporary incapacity or disability, are unable, without special
26 facilities or special planning or design to utilize mass
27 transportation facilities and services as effectively as persons
28 who are not so affected. "Indigent persons" means persons of
29 any age whose income does not exceed 100 percent of the
30 poverty level, adjusted for family size, established and adjusted
31 under section 673 (2) of subtitle B, the "Community Services
32 Block Grant Act," Pub.L.97-35 (42 U.S.C. §9902 (2));

33 (28) The supplying of liquid oxygen or other chemicals, for a
34 term not to exceed five years, when the ¹[contact] contract¹
35 includes the installation of tanks or other storage facilities by
36 the supplier, on or near the premises of the contracting unit; and

37 (29) ¹[The providing of health and medical services for a term
38 not to exceed three years] The performance of patient care
39 services by contracted medical staff at county hospitals,
40 correction facilities and long term care facilities, for any term
41 of not more than three years.¹

42 All [multi-year] multiyear leases and contracts entered into
43 pursuant to this section, except contracts for the leasing or
44 servicing of equipment supplied by a telephone company which is
45 subject to the jurisdiction of the Board of Public Utilities,
46 contracts involving the supplying of electricity for the purpose
47 of lighting public streets and contracts for thermal energy
48 authorized pursuant to subsection (1) above, construction
49 contracts authorized pursuant to subsection (9) above, contracts
50 and agreements for the provision of work or the supplying of
51 equipment to promote energy conservation authorized pursuant
52 to subsection (12) above, contracts for water supply services or
53 for a water supply facility, or any component part or parts
54 thereof authorized pursuant to subsection (16) above, contracts

1 for resource recovery services or a resource recovery facility
2 authorized pursuant to subsection (17) above, contracts for the
3 sale of energy produced by a resource recovery facility
4 authorized pursuant to subsection (18) above, contracts for
5 wastewater treatment services or for a wastewater treatment
6 system or any component part or parts thereof authorized
7 pursuant to subsection (19) above, ¹and¹ contracts for the
8 purchase of electricity or administrative or dispatching services
9 related to the transmission of such electricity authorized
10 pursuant to subsection (24) above, ¹[contracts for the provision
11 of health and medical services authorized pursuant to subsection
12 (29) above,]¹ shall contain a clause making them subject to the
13 availability and appropriation annually of sufficient funds as
14 may be required to meet the extended obligation, or contain an
15 annual cancellation clause.

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

20 (cf: P.L.1991, c.451, s.1)

21 2. This act shall take effect immediately.

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24

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26 Permits health care services contracts for terms not exceeding
27 three years.

1 contracts involving the supplying of electricity for the purpose
2 of lighting public streets and contracts for thermal energy
3 authorized pursuant to subsection (1) above, construction
4 contracts authorized pursuant to subsection (9) above, contracts
5 and agreements for the provision of work or the supplying of
6 equipment to promote energy conservation authorized pursuant
7 to subsection (12) above, contracts for water supply services or
8 for a water supply facility, or any component part or parts
9 thereof authorized pursuant to subsection (16) above, contracts
10 for resource recovery services or a resource recovery facility
11 authorized pursuant to subsection (17) above, contracts for the
12 sale of energy produced by a resource recovery facility
13 authorized pursuant to subsection (18) above, contracts for
14 wastewater treatment services or for a wastewater treatment
15 system or any component part or parts thereof authorized
16 pursuant to subsection (19) above, contracts for the provision of
17 health and medical services authorized pursuant to subsection
18 (22) above, shall contain a clause making them subject to the
19 availability and appropriation annually of sufficient funds as
20 may be required to meet the extended obligation, or contain an
21 annual cancellation clause.

22 The Division of Local Government Services shall adopt and
23 promulgate rules and regulations concerning the methods of
24 accounting for all contracts that do not coincide with the fiscal
25 year.

26 (cf: P.L.1989, c.159, s.2)

27 2. This act shall take effect immediately.

28
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30 STATEMENT

31

32 This bill would permit local contracting units to enter into
33 contracts for health care services for terms of up to three years.

34 Under current law, all contracts entered into by local
35 contracting units are for a maximum period of 12 months, unless
36 specifically excepted from that provision by State law.

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41 _____
42 Permits health care services contracts for terms not exceeding
three years.

ASSEMBLY LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 602

STATE OF NEW JERSEY

DATED: FEBRUARY 13, 1992

The Assembly Local Government Committee reports favorably Assembly Bill No. 602.

Assembly Bill No. 602 would permit local contracting units to enter into contracts for health care services for terms of up to three years. An example of these contracts would be an agreement for the provision of health and medical services to inmates of a county jail. Under current law, all contracts entered into by local contracting units are for a maximum period of 12 months, unless specifically excepted from that provision by State law. It is generally the case, however, that a local contracting unit can negotiate for a substantially lower annual cost by awarding longer contracts because certain rising expenses can be fixed during the longer period and the provider does not have to realize a profit in only one year.

Assembly Bill No. 602 was prefiled for introduction in the 1992-1993 Legislative session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

SENATE COMMUNITY AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 602

with Senate committee amendments

STATE OF NEW JERSEY

DATED: APRIL 6, 1992

The Senate Community Affairs Committee favorably reports Assembly Bill No. 602 with Senate committee amendments.

Assembly Bill No. 602, as amended by the committee, permits local contracting units to enter into contracts for the performance of patient care services by contracted medical staff at county hospitals, correction facilities and long term care facilities for terms of up to three years.

Under current law, all contracts entered into by local contracting units are for a maximum period of 12 months, unless specifically excepted from that provision by State law.

The committee amended the bill to allow three year contracts for the performance of patient care services by contracted medical staff at county hospitals, correction facilities and long term care facilities. As introduced, the bill allowed the exemption for health care services contracts.

As amended, Assembly Bill No. 602 is identical to Senate Bill No. 399 SCA.