

SENATE, No. 2361

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED JUNE 16, 2016

Sponsored by:

Senator LORETTA WEINBERG

District 37 (Bergen)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator ROBERT M. GORDON

District 38 (Bergen and Passaic)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblyman JOSEPH A. LAGANA

District 38 (Bergen and Passaic)

Assemblyman TIM EUSTACE

District 38 (Bergen and Passaic)

Assemblywoman MARLENE CARIDE

District 36 (Bergen and Passaic)

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

Assemblywoman HOLLY SCHEPISI

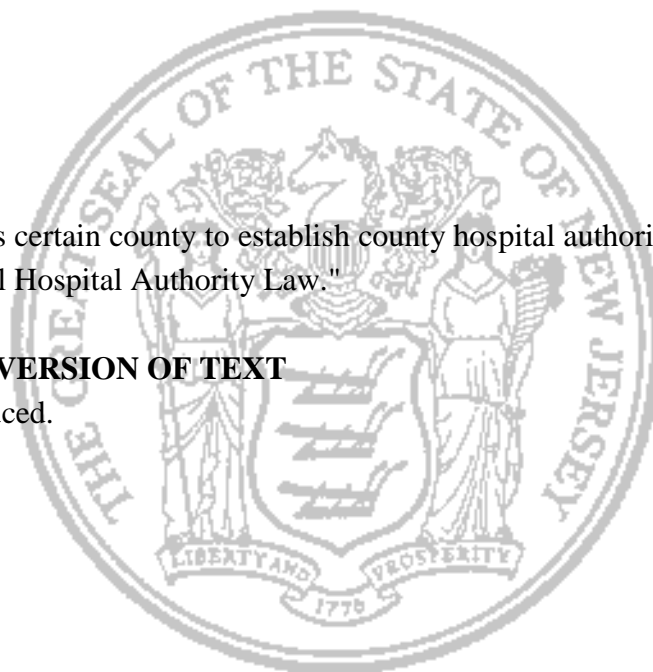
District 39 (Bergen and Passaic)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



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

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2

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

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

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

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

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

18 3. For the purposes of this act:

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

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

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

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

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

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

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

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

Matter underlined thus is new matter.

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

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

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

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

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

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

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

32

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

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

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

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

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

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

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

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

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

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

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

37 (2) To sue and be sued;

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

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

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

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

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

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

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

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

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

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

14

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17

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

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

22 (1) "Contracting unit" means:

23 (a) Any county; or

24 (b) Any municipality; or

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

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

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

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

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

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

7 (2) "Governing body" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25

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

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

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

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

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

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

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

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

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

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

10 d. Homemaker--home health services;

11 e. Laboratory testing services;

12 f. Emergency medical services;

13 g. Contracted food services;

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

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

20 j. Concessions;

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

24 l. Maintenance, custodial, and groundskeeping services;

25 m. Consulting services;

26 n. Emergency medical billing services;

27 o. Property appraisal services;

28 p. Reassessment or revaluation services;

29 q. Grant writing services;

30 r. Animal control services.

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

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

36

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

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

46 (1) Supplying of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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44 11. This act shall take effect immediately.

STATEMENT

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

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

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

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