

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 2694**

**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

ADOPTED OCTOBER 22, 2018

**Sponsored by:**

**Assemblyman JOHN F. MCKEON**

**District 27 (Essex and Morris)**

**Assemblywoman NANCY J. PINKIN**

**District 18 (Middlesex)**

**Assemblywoman CLEOPATRA G. TUCKER**

**District 28 (Essex)**

**Co-Sponsored by:**

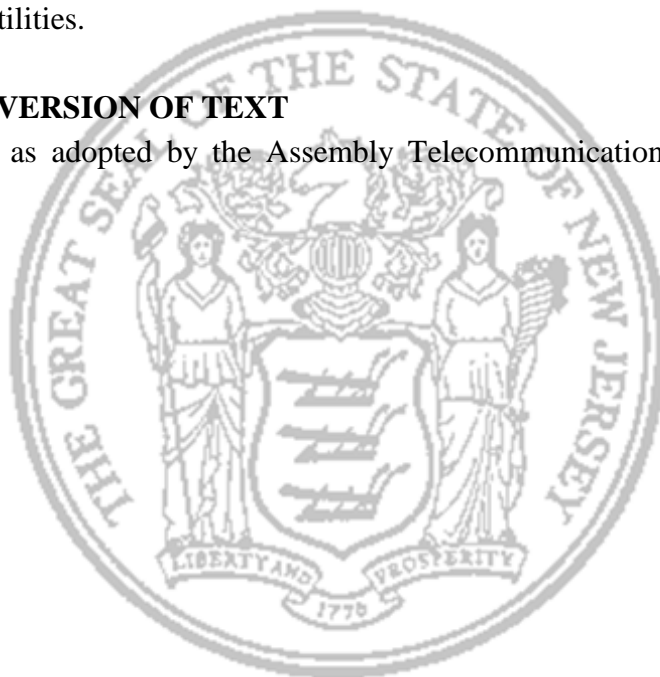
**Assemblymen Karabinchak, Mukherji and Assemblywoman Reynolds-Jackson**

**SYNOPSIS**

Authorizes municipalities, counties, and certain authorities to establish stormwater utilities.

**CURRENT VERSION OF TEXT**

Substitute as adopted by the Assembly Telecommunications and Utilities Committee.



**(Sponsorship Updated As Of: 12/18/2018)**

1 AN ACT concerning stormwater utilities, supplementing Title 40A  
2 of the New Jersey Statutes, and amending various parts of the  
3 statutory law.

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

7  
8 1. (New section) Sections 1 through 17 of P.L. ,  
9 c. (C. ) (pending before the Legislature as this bill) shall be  
10 known and may be cited as the “Clean Stormwater and Flood  
11 Reduction Act.”

12  
13 2. (New section) a. The Legislature finds and declares that:

14 (1) The State of New Jersey faces an extensive set of problems  
15 due to inadequate stormwater infrastructure and management, and  
16 these problems directly affect the health, safety, economic well-being,  
17 and quality of life of New Jersey residents.

18 (2) When storms occur, rainwater runs off of impervious  
19 surfaces such as roads, roofs, and parking lots, and into stormwater  
20 management systems and waterways. This stormwater carries with  
21 it oil, pesticides, other chemicals, sediments, and bacteria that may  
22 contaminate State waters, potentially making them unsafe for  
23 drinking, fishing, and recreational purposes. It is estimated that up  
24 to 60 percent of the State’s existing water pollution is attributable to  
25 stormwater and nonpoint sources of pollution.

26 (3) Additionally, if a stormwater management system is not in  
27 place or is not able to adequately absorb, capture, or convey  
28 stormwater, then runoff in large volume and force may cause  
29 flooding and damage to homes, businesses, and property. A  
30 projected increase in sea level rise and more frequent and severe  
31 storms are expected to only increase flooding.

32 (4) New Jersey, in particular, is prone to pollution and flooding  
33 problems, with over 10 percent of its land area covered with  
34 impervious surfaces. These problems are particularly acute in the 21  
35 urban New Jersey municipalities that have combined sewer systems,  
36 which routinely overflow and discharge untreated wastewater and  
37 stormwater into the State’s waters, contributing to water pollution and  
38 impairing the use and enjoyment of those waters.

39 (5) Stormwater infrastructure in New Jersey currently lacks a  
40 dedicated source of funding and, consequently, receives few upgrades  
41 and little maintenance once built. In some instances, stormwater  
42 infrastructure goes unmonitored and unattended until it breaks down;  
43 in other instances, it is simply inadequate to manage stormwater.

44 (6) Establishment of local stormwater utilities presents an effective  
45 management strategy to address stormwater issues. Currently, there

**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 are more than 1,500 stormwater utilities operating in 40 states across  
2 the country and the District of Columbia. Stormwater utilities are  
3 often authorized to assess fair and equitable fees to fund the  
4 development, improvement, and management of stormwater  
5 infrastructure.

6 b. The Legislature therefore determines that it is in the public  
7 interest to authorize the establishment of local stormwater utilities, and  
8 to allow those utilities to assess fees, in order to finance the  
9 improvement of the State's stormwater infrastructure, better control  
10 water pollution and flooding, restore and enhance the quality of the  
11 State's waters, and protect the public health, safety, and welfare and  
12 the environment.

13 The Legislature further determines that green infrastructure is an  
14 effective approach to managing stormwater because it reduces and  
15 treats stormwater at its source while delivering other environmental,  
16 social, and economic benefits. The use of green infrastructure should  
17 be encouraged and, where appropriate, required to help decrease  
18 pollutant loads and runoff volumes to receiving waters.

19

20 3. (New section) As used in sections 1 through 17 of  
21 P.L. , c. (C. ) (pending before the Legislature as this bill):

22 "Authority" means a county or municipal sewerage authority  
23 established pursuant to P.L.1946, c.138 (C.40:14A-1 et seq.), a  
24 county or municipal utilities authority established pursuant to  
25 P.L.1957, c.183 (C.40:14B-1 et seq.), or a county improvement  
26 authority established pursuant to P.L.1960, c.183 (C.40:37A-44 et  
27 seq.).

28 "Department" means the Department of Environmental  
29 Protection.

30 "Division" means the Division of Local Government Services in  
31 the Department of Community Affairs.

32 "Green infrastructure" means a stormwater management system  
33 that treats stormwater runoff through infiltration into subsoil, treats  
34 stormwater runoff through filtration by vegetation or soil, or stores  
35 stormwater runoff for reuse.

36 "New Jersey Pollutant Discharge Elimination System permit"  
37 means any permit issued by the department pursuant to section 6 of  
38 P.L.1977, c.74 (C.58:10A-6).

39 "Stormwater" means water resulting from precipitation,  
40 including rain and snow, which runs off the land's surface, is  
41 transmitted to the subsurface, or is captured by separate storm  
42 sewers or other sewage or drainage facilities, or conveyed by snow  
43 removal equipment.

44 "Stormwater management system" means any equipment, plant,  
45 structures, machinery, apparatus, management practices, design  
46 practices, planning activities, or land, or any combination thereof,  
47 acquired, used, constructed, implemented, or operated to convey  
48 stormwater, control or reduce stormwater runoff and associated

1 pollutants or flooding, induce or control the infiltration of  
2 groundwater recharge of stormwater, or eliminate illicit or illegal  
3 nonstormwater discharges into stormwater conveyances.

4  
5 4. (New section) a. The governing body of any county or  
6 municipality may, by resolution or ordinance, as appropriate, establish  
7 a stormwater utility for the purposes of acquiring, constructing,  
8 improving, maintaining, and operating stormwater management  
9 systems in the county or municipality, consistent with State and  
10 federal laws, rules, and regulations.

11 b. Any stormwater utility that is established pursuant to this  
12 section shall be considered a “municipal public utility” for the  
13 purposes of Title 40A of the New Jersey Statutes. Notwithstanding  
14 any other law to the contrary, a county or municipality may  
15 establish a stormwater utility as a new department within the county  
16 or municipality, or as an operation of an existing department or  
17 departments having responsibility and control over stormwater  
18 management systems or portions thereof.

19 c. A county or municipality that establishes a stormwater  
20 utility pursuant to this section shall submit a copy of the resolution  
21 or ordinance adopted pursuant to subsection a. of this section to the  
22 Department of Environmental Protection and the Division of Local  
23 Government Services in the Department of Community Affairs.  
24 The establishment of a stormwater utility pursuant to this section  
25 shall not be construed to modify or otherwise affect a county or  
26 municipality’s obligations under any New Jersey Pollutant  
27 Discharge Elimination System permit or any other rule, regulation,  
28 order, or permit issued by the department.

29  
30 5. (New section) a. The governing body or bodies of one or  
31 more municipalities that have established a municipal sewerage  
32 authority pursuant to P.L.1946, c.138 (C.40:14A-1 et seq.) or a  
33 municipal utilities authority pursuant to P.L.1957, c.183 (C.40:14B-  
34 1 et seq.) may, by ordinance, or parallel ordinances, as appropriate,  
35 request that the authority establish a stormwater utility for the purposes  
36 of acquiring, constructing, improving, maintaining, and operating  
37 stormwater management systems in the municipality or municipalities,  
38 consistent with State and federal laws, rules, and regulations.

39 b. Upon the request of a municipality or municipalities, an  
40 authority may establish a stormwater utility pursuant to a service  
41 agreement between the authority and the requesting municipality or  
42 municipalities, in accordance with the provisions of  
43 P.L. , c. (C. ) (pending before the Legislature as this bill)  
44 and the “Local Authorities Fiscal Control Law,”  
45 P.L.1983, c.313 (C.40A:5A-1 et seq.). The agreement shall set forth  
46 the powers, duties, and functions of the stormwater utility and any  
47 other matters that may be necessary for the agreement. A  
48 stormwater utility established pursuant to this section shall be

1 considered a separate operation of the authority to be budgeted and  
2 accounted for separately.

3 c. An authority that establishes a stormwater utility pursuant to  
4 this section shall submit a copy of the service agreement to the  
5 Department of Environmental Protection and the Division of Local  
6 Government Services in the Department of Community Affairs. A  
7 municipality that contractually delegates to an authority any of its  
8 responsibilities under any New Jersey Pollutant Discharge  
9 Elimination System permit or any other rule, regulation, order, or  
10 permit issued by the department shall remain responsible for  
11 compliance with any such rules, regulations, orders, or permits if  
12 the authority fails to implement the requirements thereof.

13

14 6. (New section) a. The governing body of any county that  
15 has established a county sewerage authority pursuant to P.L.1946,  
16 c.138 (C.40:14A-1 et seq.), a county utilities authority pursuant to  
17 P.L.1957, c.183 (C.40:14B-1 et seq.), or a county improvement  
18 authority pursuant to P.L.1960, c.183 (C.40:37A-44 et seq.) may, by  
19 resolution, request that the authority establish a stormwater utility for  
20 the purposes of acquiring, constructing, improving, maintaining, and  
21 operating stormwater management systems in the county, consistent  
22 with State and federal laws, rules, and regulations.

23 b. Upon the request of a county, an authority may establish a  
24 stormwater utility pursuant to a service agreement between the  
25 authority and the requesting county, in accordance with the provisions  
26 of P.L. , c. (C. ) (pending before the Legislature as this bill)  
27 and the “Local Authorities Fiscal Control Law,”  
28 P.L.1983, c.313 (C.40A:5A-1 et seq.). The agreement shall set forth  
29 the powers, duties, and functions of the stormwater utility and any  
30 other matters that may be necessary for the agreement. A  
31 stormwater utility established pursuant to this section shall be  
32 considered a separate operation of the authority to be budgeted and  
33 accounted for separately.

34 c. An authority that establishes a stormwater utility pursuant to  
35 this section shall submit a copy of the service agreement to the  
36 Department of Environmental Protection and the Division of Local  
37 Government Services in the Department of Community Affairs. A  
38 county that contractually delegates to an authority any of its  
39 responsibilities under any New Jersey Pollutant Discharge  
40 Elimination System permit or any other rule, regulation, order, or  
41 permit issued by the department shall remain responsible for  
42 compliance with any such rules, regulations, orders, or permits if  
43 the authority fails to implement the requirements thereof.

44

45 7. (New section) a. The governing bodies of any two or  
46 more municipalities may, pursuant to the provisions of P.L.2007,  
47 c.63 (C.40A:65-1 et al.), enter into a shared services agreement to  
48 provide for the construction, improvement, maintenance, or

1 operation of stormwater management systems in the municipalities,  
2 consistent with State and federal laws, rules, and regulations.

3 b. The governing body or bodies of one or more municipalities,  
4 and the county in which the municipality or municipalities are  
5 located may, pursuant to the provisions of P.L.2007, c.63  
6 (C.40A:65-1 et al.), enter into a shared services agreement to  
7 provide for the construction, improvement, maintenance, or  
8 operation of stormwater management systems in the municipalities,  
9 consistent with State and federal laws, rules, and regulations.

10 c. Any county or municipality that enters into a shared services  
11 agreement pursuant to this section shall submit a copy of the  
12 agreement to the Department of Environmental Protection and the  
13 Division of Local Government Services in the Department of  
14 Community Affairs.

15

16 8. (New section) a. Any county, municipality, or authority  
17 that establishes a stormwater utility pursuant to P.L. ,  
18 c. (C. ) (pending before the Legislature as this bill) may  
19 charge and collect reasonable fees and other charges to recover the  
20 stormwater utility's costs for stormwater management. These fees  
21 and other charges may be charged to and collected from the owner  
22 or occupant, or both, of any real property from which originates  
23 stormwater runoff which directly or indirectly enters the stormwater  
24 management system or the waters of the State. The owner of any  
25 such real property shall be liable for and shall pay such fees and  
26 charges to the stormwater utility at the time when and place where  
27 the fees and charges are due and payable.

28 b. Any fee or other charge that a county, municipality, or  
29 authority charges and collects pursuant to this section shall be based  
30 on a fair and equitable approximation of the proportionate  
31 contribution of stormwater runoff from a real property.

32 c. In establishing fees and other charges pursuant to this  
33 section, a county, municipality, or authority shall provide for:

34 (1) a partial fee reduction in the form of a credit for any  
35 property which has installed and is operating and maintaining  
36 stormwater best management practices that reduce, retain, or treat  
37 stormwater onsite and which are approved by the county,  
38 municipality, or authority;

39 (2) an additional partial fee reduction in the form of a credit for  
40 any property which has installed and is operating and maintaining  
41 green infrastructure that reduces, retains, or treats stormwater onsite  
42 and which exceeds any requirements for green infrastructure that  
43 may be applicable to that property under any rule or regulation  
44 adopted by the Department of Environmental Protection or the local  
45 stormwater control ordinance; and

46 (3) an exemption from fees and other charges for land actively  
47 devoted to agricultural or horticultural use that is valued, assessed,

1 and taxed pursuant to the “Farmland Assessment Act of 1964,”  
2 P.L.1964, c.48 (C.54:4-23.1 et seq.).

3 d. Any county, municipality, or authority that collects fees and  
4 charges pursuant to this section shall remit to the State Treasurer  
5 annually an amount equal to five percent of all such fees and  
6 charges collected, or \$50,000, whichever amount is less. The State  
7 Treasurer shall deposit these moneys into the “Clean Stormwater  
8 and Flood Reduction Fund” established pursuant to section 16 of  
9 P.L. , c. (C. ) (pending before the Legislature as this bill).

10 e. Except as provided in section 5 of P.L.1983, c.111  
11 (C.40A:4-35.1) or Section 1 of P.L.2004, c.87 (C.40A:5A-12.1), as  
12 applicable, a county, municipality, or authority shall only use fees  
13 and other charges collected pursuant to this section to pay for or  
14 recover all or a portion of the cost of the following:

15 (1) initial establishment of a stormwater utility pursuant to  
16 P.L. , c. (C. ) (pending before the Legislature as this bill)  
17 and ongoing related administrative expenses;

18 (2) capital expenditures, including planning, design,  
19 engineering, acquisition, construction, and improvement of a  
20 stormwater management system;

21 (3) operation and maintenance expenditures of a stormwater  
22 management system;

23 (4) development and implementation of an asset management  
24 program for a stormwater management system;

25 (5) development and implementation of a stormwater  
26 management plan and stormwater control ordinances pursuant to  
27 section 1 of P.L.1981, c.32 (C.40:55D-93);

28 (6) any action required pursuant to any New Jersey Pollutant  
29 Discharge Elimination System permit;

30 (7) development and implementation of any long-term control  
31 plan to mitigate combined sewer overflows pursuant to State or  
32 federal law, rule, regulation, permit, or consent decree;

33 (8) monitoring, inspection, and enforcement activities to carry  
34 out the purposes of P.L. , c. (C. ) (pending before the  
35 Legislature as this bill);

36 (9) public education and outreach related to stormwater  
37 management; and

38 (10) any other purpose related to stormwater management as  
39 may be authorized by the department, the Division of Local  
40 Government Services in the Department of Community Affairs, or  
41 the Local Finance Board pursuant to rules, regulations, or permits.

42 f. In establishing fees and other charges and appropriate credits  
43 pursuant to this section, a county, municipality, or authority shall  
44 consult the guidance manual developed pursuant to section 15 of  
45 P.L. , c. (C. ) (pending before the Legislature as this bill),  
46 and other best practice guidance manuals published by industry  
47 organizations.

- 1       9. (New section) In the event that a stormwater utility fee or  
2 charge of any county, municipality, or authority with regard to any  
3 parcel of real property is not paid when due:
- 4       a. interest shall accrue and be due to the county or authority on  
5 the unpaid balance at the rate of one and one half percent per month  
6 until such fees and charges, and the interest thereon, shall be fully  
7 paid to the county or authority; interest shall accrue and be due to  
8 the municipality on the unpaid balance at a rate not to exceed that  
9 permitted under R.S.54:4-67;
- 10       b. the unpaid balance thereof and all interest accruing thereon  
11 shall be a lien on such parcel enforced in the same manner as  
12 delinquent property taxes and municipal charges. Such lien shall be  
13 superior and paramount to the interest in such parcel of any owner,  
14 lessee, tenant, mortgagee, or other person except the lien of State  
15 taxes and property taxes and shall be on a parity with and deemed  
16 equal to the lien on such parcel of State taxes and property taxes;  
17 and
- 18       c. the unpaid balance thereof and all interest accrued thereon,  
19 together with attorneys' fees and costs, may also be recovered by  
20 the county, municipality, or authority in a civil action, but not in  
21 lieu of enforcement as a delinquent municipal charge.
- 22
- 23       10. (New section) A county, municipality, or authority that  
24 establishes a stormwater utility pursuant to P.L. , c. (C. )  
25 (pending before the Legislature as this bill) may provide, by  
26 ordinance or resolution, as appropriate, at one time, or from time to  
27 time, for the issuance of bonds for the purpose of raising funds to  
28 pay the cost of any part of the stormwater management system. The  
29 bonds shall be issued pursuant to each entity's respective authority  
30 under the "Local Bond Law," N.J.S.40A:2-1 et seq., P.L.1946, c.138  
31 (C.40:14A-1 et seq.), P.L.1957, c.183 (C.40:14B-1 et seq.), P.L.1960,  
32 c.183 (C.40:37A-44 et seq.), or any other applicable law.
- 33
- 34       11. (New section) a. A county, municipality, or authority that  
35 establishes a stormwater utility pursuant to P.L. , c. (C. )  
36 (pending before the Legislature as this bill) shall, within one year  
37 after establishment of the utility, and each year thereafter, prepare  
38 and submit to the Division of Local Government Services in the  
39 Department of Community Affairs and the Department of  
40 Environmental Protection a report in the form and manner  
41 determined by the department and the division pursuant to  
42 subsection b. of this section. Each county, municipality, or  
43 authority shall post the annual report on its Internet website.
- 44       b. Within 18 months after the effective date of this section, the  
45 division, in consultation with the department, shall adopt, pursuant  
46 to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-  
47 1 et seq.), rules and regulations outlining the substantive  
48 requirements for, and the form and manner of, the annual report



1 required pursuant to subsection a. of this section. The annual report  
2 shall include, but need not be limited to, information on:

- 3 (1) the stormwater utility's service area;
- 4 (2) the schedule of fees, other charges, and credits that the  
5 county, municipality, or authority has established;
- 6 (3) the number of properties subject to the stormwater utility's  
7 fees and other charges, and the number of properties of each land  
8 use type, including but not limited to residential, commercial, and  
9 industrial, that have been granted credits or exemptions from the  
10 fee, and the cumulative value of credits that have been granted to  
11 properties of each land use type;
- 12 (4) the total revenues from stormwater utility fees and other  
13 charges collected by the county, municipality, or authority;
- 14 (5) the percentage and amount of revenues from fees and other  
15 charges spent on each of the purposes authorized in subsection e. of  
16 section 8 of P.L. , c. (C. ) (pending before the Legislature as  
17 this bill); and
- 18 (6) all stormwater management projects implemented in the  
19 previous fiscal year.

20

21 12. (New section) a. A county, municipality, or authority that  
22 establishes a stormwater utility pursuant to P.L. , c. (C. )  
23 (pending before the Legislature as this bill) may acquire by gift,  
24 grant, purchase, or condemnation, or in any other lawful manner,  
25 any privately-owned stormwater management system, or any real  
26 property necessary for the construction, improvement, operation, or  
27 maintenance of a stormwater management system.

28 b. If a county, municipality, or authority requires any payment  
29 as a condition of, or in connection with, assuming ownership,  
30 operation, or maintenance of any privately-owned stormwater  
31 management system, the payment shall not exceed the costs  
32 attributable to the ownership, operation, or maintenance of that  
33 stormwater management system.

34

35 13. (New section) A county, municipality, or authority that  
36 establishes a stormwater utility pursuant to P.L. , c. (C. )  
37 (pending before the Legislature as this bill) may, pursuant to the  
38 "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et  
39 seq.), enter into a contract with a private entity for the planning,  
40 design, engineering, construction, improvement, maintenance, and  
41 operation of a stormwater management system.

42

43 14. (New section) Each county, municipality, and authority  
44 shall adopt rules and regulations requiring that not less than the  
45 prevailing wage rate be paid to workers employed in the  
46 performance of any construction contract undertaken in connection  
47 with financial assistance provided for the construction of a  
48 stormwater management system under P.L. , c. (C. )

1 (pending before the Legislature as this bill). The prevailing wage  
2 rate shall be the rate determined by the Commissioner of Labor  
3 pursuant to the provisions of P.L.1963, c.150 (C.34:11-  
4 56.25 et seq.).

5 For the purposes of this section, “financial assistance” means any  
6 loan, bond, loan guarantee, grant, incentive, tax exemption, or other  
7 financial assistance approved, funded, authorized, administered, or  
8 provided by the municipality, county, or authority in connection  
9 with the construction of a stormwater management system.

10

11 15. (New section) a. Within 18 months after the effective date  
12 of this section, the Department of Environmental Protection, in  
13 consultation with the Board of Public Utilities, the Division of  
14 Local Government Services in the Department of Community  
15 Affairs, and stakeholders as the department deems appropriate, shall  
16 develop a stormwater utility guidance manual. The department  
17 shall periodically update the guidance manual as the department  
18 deems appropriate. The guidance manual shall include, but need  
19 not be limited to:

20 (1) technical assistance for counties, municipalities, and  
21 authorities seeking to establish a stormwater utility pursuant to  
22 P.L. , c. (C. ) (pending before the Legislature as this bill);

23 (2) factors for counties, municipalities, and authorities to  
24 consider when establishing and revising stormwater utility fees and  
25 other charges and appropriate credits;

26 (3) information on how to develop an asset management  
27 program for a stormwater management system; and

28 (4) information on how counties, municipalities, and authorities  
29 can conduct public education and outreach related to stormwater  
30 management.

31 b. Development of the stormwater utility guidance manual, and  
32 any updates thereto, shall not be subject to the requirements and  
33 provisions of the “Administrative Procedure Act,” P.L.1968, c.410  
34 (C.52:14B-1 et seq.).

35

36 16. (New section) a. There is established in the General Fund  
37 a special nonlapsing account to be known as the “Clean Stormwater  
38 and Flood Reduction Fund.” The State Treasurer shall credit to this  
39 account all moneys remitted to the State Treasurer by counties,  
40 municipalities, and authorities pursuant to subsection d. of section 8  
41 of P.L. , c. (C. ) (pending before the Legislature as this bill).  
42 Pending the use thereof, moneys deposited in the fund may be  
43 invested or reinvested in such securities as are approved by the  
44 State Treasurer. Interest or other income earned on moneys  
45 deposited into the fund shall be credited to the fund for use as set  
46 forth in subsection b. of this section.

47 b. Moneys deposited in the “Clean Stormwater and Flood  
48 Reduction Fund” are specifically dedicated and shall be used by the

1 Department of Environmental Protection only to fund planning,  
2 implementation, and coordination activities related to stormwater  
3 utilities in the State, water quality monitoring and assessment, point  
4 and non-point source water pollution reduction projects,  
5 implementation of the department's stormwater management  
6 program, and a public education and outreach program relating to  
7 stormwater management.

8  
9 17. (New section) The Department of Environmental  
10 Protection, the Division of Local Government Services in the  
11 Department of Community Affairs, and the Local Finance Board  
12 may adopt, pursuant to the "Administrative Procedure Act,"  
13 P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations  
14 necessary for the implementation of P.L. , c. (C. ) (pending  
15 before the Legislature as this bill).

16  
17 18. Section 1 of P.L.2017, c.290 (C.40:14A-4.2) is amended to  
18 read as follows:

19 1. a. Notwithstanding the provisions of any other law to the  
20 contrary, the budget of every regional sewerage authority created  
21 pursuant to the provisions of P.L.1946, c.138 (C.40:14A-1 et seq.)  
22 shall be subject to the following provisions:

23 (1) (a) The percentage of growth in the fee-funded  
24 appropriations in the annual budget of a regional sewerage authority  
25 shall not exceed two percent per year; and the amount billed to  
26 customers of the authority, or the amount billed to a local unit for  
27 its proportional share of the authority's expenses, as the case may  
28 be, shall not exceed that amount billed in the previous budget year  
29 to each customer or local unit, as the case may be, by more than two  
30 percent for a similar amount of use or service of the sewerage  
31 system.

32 (b) A regional sewerage authority may add to the allowable  
33 growth in fee-funded appropriations in any one of the next three  
34 succeeding years, the amount of the difference between the  
35 maximum allowable increase in fee-funded appropriations for the  
36 current budget year pursuant to subparagraph (a) of this paragraph  
37 and the actual amount of fee-funded appropriations for the current  
38 budget year.

39 (2) The percentage of growth in the fee-funded appropriations in  
40 the annual budget of a regional sewerage authority shall be  
41 determined without consideration of any amounts appropriated by  
42 the authority for:

43 (a) capital expenditures, including payment of principal or  
44 interest on bonds authorized or issued pursuant to the "sewerage  
45 authorities law," P.L.1946, c.138 (C.40:14A-1 et seq.);

46 (b) increases in pension contributions and accrued liability for  
47 pension contributions in excess of two percent over those  
48 expenditures for the previous budget year ;

1 (c) increases in health care costs equal to that portion of the  
2 actual increase in total health costs for the budget year that is in  
3 excess of two percent of total health care costs in the previous  
4 budget year, but is not in excess of the product of the total health  
5 care costs in the prior year and the average percentage increase of  
6 the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et  
7 seq.), as annually determined by the Division of Pensions and  
8 Benefits in the Department of the Treasury;

9 (d) increases in energy cost expenditures in excess of two  
10 percent over those expenditures for the previous budget year;

11 (e) extraordinary costs that are directly related to an emergency;  
12 **[and]**

13 (f) expenditures for the cost of services mandated by any order  
14 of court, by any federal or State statute, or by administrative rule,  
15 directive, order, permit, or other legally binding device issued by a  
16 State agency which identified the cost as a mandated expenditure on  
17 certification to the Local Finance Board by the State agency ; and

18 (g) costs associated with the establishment of a stormwater  
19 utility pursuant to P.L. , c. (C. ) (pending before the  
20 Legislature as this bill) or for any of the purposes authorized in  
21 subsection e. of section 8 of P.L. , c. (C. ) (pending before  
22 the Legislature as this bill).

23 (3) Notwithstanding the limitations imposed by paragraph (1) of  
24 this **[section]** subsection, a regional sewerage authority may apply  
25 to the Local Finance Board for a waiver to increase its rents, rates,  
26 fees, and charges to levels sufficient to compensate for loss of  
27 revenues due to reductions in the use or service of the sewerage  
28 system.

29 (4) Notwithstanding the limitations imposed by paragraph (1) of  
30 this subsection, the percentage of growth in the increase of the  
31 rents, rates, fees, and charges of a regional sewerage authority shall  
32 be determined without consideration of any amounts required to be  
33 raised for the purposes set forth in subparagraph (g) of paragraph  
34 (2) of this subsection.

35 As used in this section, "emergency" shall mean any purpose  
36 which is not foreseen at the time of the adoption of the annual  
37 budget, or for which adequate provision was not made therein, to  
38 meet a pressing need for public expenditure to protect or promote  
39 the public health, safety, morals, or welfare.

40 b. After the budget of a regional sewerage authority has been  
41 approved by the members of the regional sewerage authority, the  
42 budget shall be forwarded to the Director of the Division of Local  
43 Government Services for review and approval.

44 The director shall review the budget to ensure that the budget  
45 conforms with the requirements of subsection a. of this section and  
46 the "Local Authorities Fiscal Control Law,"  
47 P.L.1983, c.313 (C.40A:5A-1 et seq.), and that the budgeted

1 expenditures are reasonable in cost and necessary for the  
2 performance of the regional sewerage authority.

3 If the director determines that the budget meets the requirements  
4 of this subsection, the director shall approve the budget. If the  
5 director does not approve the budget, the director shall return the  
6 budget to the members of the regional sewerage authority with  
7 written information concerning the reasons for the disapproval of  
8 the budget.

9 To the extent that the provisions of subsection a. of this section  
10 conflict with the provisions of the "Local Authorities Fiscal Control  
11 Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), subsection a. of this  
12 section shall take precedence.  
13 (cf: P.L.2017, c.290, s.1)

14  
15 19. Section 5 of P.L.1983, c.111 (C.40A:4-35.1) is amended to  
16 read as follows:

17 5. To the extent there is available surplus revenue collected by  
18 a municipality pursuant to chapter 62 of Title 40 of the Revised  
19 Statutes for supplying a utility service which is regulated by the  
20 Board of Public Utilities pursuant to subsection d. of N.J.S.40A:31-  
21 23 , or to the extent there is available surplus revenue collected by a  
22 county or municipality from a stormwater utility established  
23 pursuant to P.L. , c. (C. ) (pending before the Legislature as  
24 this bill), an amount not to exceed **【5%】** five percent of the annual  
25 costs of operation of the utility may be transferred annually from  
26 the accounts of the municipal utility or county utility , as  
27 appropriate, and included in the local budget pursuant to  
28 N.J.S.40A:4-35.

29 (cf: P.L.1989, c.109, s.2)

30

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

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

38 a. The purchase or licensing of proprietary computer software  
39 designed for contracting unit purposes, which may include  
40 hardware intended for use with the proprietary software. This  
41 subsection shall not be utilized for the purpose of acquiring general  
42 purpose computer hardware or software;

43 b. The hiring of a for-profit entity or a not-for-profit entity  
44 incorporated under Title 15A of the New Jersey Statutes for the  
45 purpose of:

46 (1) the operation and management of a wastewater treatment  
47 system , a stormwater management system, or a water supply or  
48 distribution facility of the type described in subsection (37) of

1 section 15 of P.L.1971, c.198 (C.40A:11-15), provided that  
2 competitive contracting shall not be used as a means of awarding  
3 contracts pursuant to P.L.1985, c.37 (C.58:26-1 et al.) and  
4 P.L.1985, c.72 (C.58:27-1 et al.);

5 (2) the operation, management or administration of recreation or  
6 social service facilities or programs, which shall not include the  
7 administration of benefits under the Work First New Jersey  
8 program established pursuant to P.L.1997, c.38 (C.44:10-55 et  
9 seq.), or under General Assistance;

10 (3) the operation, management or administration of data  
11 processing services; or

12 (4) the operation and management of a county hospital pursuant  
13 to the "Local Hospital Authority Law," P.L.2006, c.46 (C.30:9-  
14 23.15 et al.);

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

16 d. Homemaker--home health services;

17 e. Laboratory testing services;

18 f. Emergency medical services;

19 g. Contracted food services;

20 h. Performance of patient care services by contracted medical  
21 staff at county hospitals, correctional facilities and long-term care  
22 facilities;

23 i. At the option of the governing body of the contracting unit,  
24 any good or service that is exempt from bidding pursuant to section  
25 5 of P.L.1971, c.198 (C.40A:11-5);

26 j. Concessions;

27 k. The operation, management or administration of other  
28 services, with the approval of the Director of the Division of Local  
29 Government Services;

30 l. Maintenance, custodial, and groundskeeping services;

31 m. Consulting services;

32 n. Emergency medical billing services;

33 o. Property appraisal services;

34 p. Reassessment or revaluation services;

35 q. Grant writing services;

36 r. Animal control services.

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

41 As used in this section, "stormwater management system" means  
42 the same as that term is defined in section 3 of P.L. , c. (C. )  
43 (pending before the Legislature as this bill).

44 (cf: P.L.2016, c.55, s.9)

45

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

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

8       (1) Supplying of:

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

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

11       (c) Thermal energy produced by a cogeneration facility, for use  
12 for heating or air conditioning or both, for any term not exceeding  
13 40 years, when the contract is approved by the Board of Public  
14 Utilities. For the purposes of this paragraph, "cogeneration" means  
15 the simultaneous production in one facility of electric power and  
16 other forms of useful energy such as heating or process steam;

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

18       (3) The collection and disposal of municipal solid waste, the  
19 collection and disposition of recyclable material, or the disposal of  
20 sewage sludge, for any term not exceeding in the aggregate, five  
21 years;

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

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

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

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

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

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

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

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

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

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

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

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

36 (16) The provision of water supply services or the designing,  
37 financing, construction, operation, or maintenance, or any  
38 combination thereof, of a water supply facility, or any component  
39 part or parts thereof, including a water filtration system, for a period  
40 not to exceed 40 years, when the contract for these services is  
41 approved by the Division of Local Government Services in the  
42 Department of Community Affairs, the Board of Public Utilities,  
43 and the Department of Environmental Protection pursuant to  
44 P.L.1985, c.37 (C.58:26-1 et al.), except that no approvals shall be  
45 required for those contracts otherwise exempted pursuant to  
46 subsection (30), (31), (34), (35) or (43) of this section. For the  
47 purposes of this subsection, "water supply services" means any  
48 service provided by a water supply facility; "water filtration



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

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

46 (18) The sale of electricity or thermal energy, or both, produced  
47 by a resource recovery facility for a period not to exceed 40 years  
48 when the contract is approved by the Board of Public Utilities, and

1 when the resource recovery facility is in conformance with a district  
2 solid waste management plan approved pursuant to  
3 P.L.1970, c.39 (C.13:1E-1 et seq.). For the purposes of this  
4 subsection, "resource recovery facility" means a solid waste facility  
5 constructed and operated for the incineration of solid waste for  
6 energy production and the recovery of metals and other materials  
7 for reuse; or a mechanized composting facility, or any other facility  
8 constructed or operated for the collection, separation, recycling, and  
9 recovery of metals, glass, paper, and other materials for reuse or for  
10 energy production;

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

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

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

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

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

42 (24) The purchase of electricity or administrative or dispatching  
43 services related to the transmission of electricity, from a supplier of  
44 electricity subject to the jurisdiction of a federal regulatory agency,  
45 from a qualifying small power producing facility or qualifying  
46 cogeneration facility, as defined by 16 U.S.C. s.796, or from any  
47 supplier of electricity within any regional transmission organization  
48 or independent system operator or from an organization or operator

1 or their successors, by a contracting unit engaged in the generation  
2 of electricity for retail sale, as of May 24, 1991, for a term not to  
3 exceed 40 years, or by a contracting unit engaged solely in the  
4 distribution of electricity for retail sale for a term not to exceed ten  
5 years, except that a contract with a contracting unit, engaged solely  
6 in the distribution of electricity for retail sale, in excess of ten  
7 years, shall require the written approval of the Director of the  
8 Division of Local Government Services. If the director fails to  
9 respond in writing to the contracting unit within 10 business days,  
10 the contract shall be deemed approved;

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

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

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

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

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

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

45 (31) The provision of water supply services or the financing,  
46 construction, operation, or maintenance or any combination thereof,  
47 of a water supply facility or any component part or parts thereof, by  
48 a partnership or copartnership established pursuant to a contract

- 1 authorized under section 2 of P.L.1993, c.381 (C.58:28-2), for a  
2 period not to exceed 40 years;
- 3 (32) Laundry service and the rental, supply, and cleaning of  
4 uniforms for any term of not more than three years;
- 5 (33) The supplying of any product or the rendering of any  
6 service, including consulting services, by a cemetery management  
7 company for the maintenance and preservation of a municipal  
8 cemetery operating pursuant to the "New Jersey Cemetery Act,"  
9 N.J.S.8A:1-1 et seq., for a term not exceeding 15 years;
- 10 (34) A contract between a public entity and a private firm  
11 pursuant to P.L.1995, c.101 (C.58:26-19 et al.) for the provision of  
12 water supply services may be entered into for any term which, when  
13 all optional extension periods are added, may not exceed 40 years;
- 14 (35) A contract for the purchase of a supply of water from a  
15 public utility company subject to the jurisdiction of the Board of  
16 Public Utilities in accordance with tariffs and schedules of charges  
17 made, charged or exacted or contracts filed with the Board of Public  
18 Utilities, for any term of not more than 40 years;
- 19 (36) A contract between a public entity and a private firm or  
20 public authority pursuant to P.L.1995, c.216 (C.58:27-19 et al.) for  
21 the provision of wastewater treatment services may be entered into  
22 for any term of not more than 40 years, including all optional  
23 extension periods;
- 24 (37) The operation and management of a facility under a license  
25 issued or permit approved by the Department of Environmental  
26 Protection, including a wastewater treatment system , a stormwater  
27 management system, or a water supply or distribution facility, as  
28 the case may be, for any term of not more than ten years. For the  
29 purposes of this subsection, "wastewater treatment system" refers to  
30 facilities operated or maintained for the storage, collection,  
31 reduction, disposal, or other treatment of wastewater or sewage  
32 sludge, remediation of groundwater contamination, stormwater  
33 runoff, or the final disposal of residues resulting from the treatment  
34 of wastewater; "stormwater management system" means the same  
35 as that term is defined in section 3 of P.L. , c. (C. ) (pending  
36 before the Legislature as this bill); and "water supply or distribution  
37 facility" refers to facilities operated or maintained for augmenting  
38 the natural water resources of the State, increasing the supply of  
39 water, conserving existing water resources, or distributing water to  
40 users;
- 41 (38) Municipal solid waste collection from facilities owned by  
42 a contracting unit, for any term of not more than three years;
- 43 (39) Fuel for heating purposes, for any term of not more than  
44 three years;
- 45 (40) Fuel or oil for use in motor vehicles for any term of not  
46 more than three years;
- 47 (41) Plowing and removal of snow and ice for any term of not  
48 more than three years;

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

6 (43) A contract between the governing body of a city of the first  
7 class and a duly incorporated nonprofit association for the provision  
8 of water supply services as defined in subsection (16) of this  
9 section, or wastewater treatment services as defined in subsection  
10 (19) of this section, may be entered into for a period not to exceed  
11 40 years;

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

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

27 (46) A power supply contract, as defined pursuant to section 3  
28 of P.L.2015, c.129 (C.40A:66-3), between a member municipality  
29 as defined pursuant to section 3 of P.L.2015, c.129 (C.40A:66-3),  
30 and the municipal shared services energy authority established  
31 pursuant to the provisions of P.L.2015, c.129 (C.40A:66-1 et al.) to  
32 meet the electric power needs of its members, for the lease,  
33 operation, or management of electric generation within a member  
34 municipality's corporate limits and franchise area or the purchase of  
35 electricity, or the purchase of fuel for generating units for a term not  
36 to exceed 40 years; and

37 (47) A contract entered into pursuant to paragraph (2) of  
38 subsection a. of section 6 of P.L.2006, c.46 (C.30:9-23.20) between  
39 a county hospital authority and a manager for the management,  
40 operation, and maintenance of a hospital owned by the authority or  
41 the county for a term not to exceed 20 years, provided, however,  
42 that a contract entered into pursuant to paragraph (2) of subsection  
43 a. of section 6 of P.L.2006, c.46 (C.30:9-23.20) may be renewed for  
44 two additional periods, not to exceed five years each.

45 Any contract for services other than professional services, the  
46 statutory length of which contract is for three years or less, may  
47 include provisions for no more than one two-year, or two one-year,  
48 extensions, subject to the following limitations: a. The contract

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

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

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

47 All contracts shall cease to have effect at the end of the  
48 contracted period and shall not be extended by any mechanism or

1 provision, unless in conformance with the "Local Public Contracts  
2 Law," P.L.1971, c.198 (C.40A:11-1 et seq.), except that a contract  
3 may be extended by mutual agreement of the parties to the contract  
4 when a contracting unit has commenced rebidding prior to the time  
5 the contract expires or when the awarding of a contract is pending  
6 at the time the contract expires.  
7 (cf: P.L.2016, c.55, s.10)

8  
9 22. This act shall take effect on the 180th day after the date of  
10 enactment, but sections 18 through 21 shall take effect immediately.