

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1073

STATE OF NEW JERSEY
218th LEGISLATURE

ADOPTED MAY 10, 2018

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Senator CHRISTOPHER "KIP" BATEMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Senator RICHARD J. CODEY

District 27 (Essex and Morris)

Senator LINDA R. GREENSTEIN

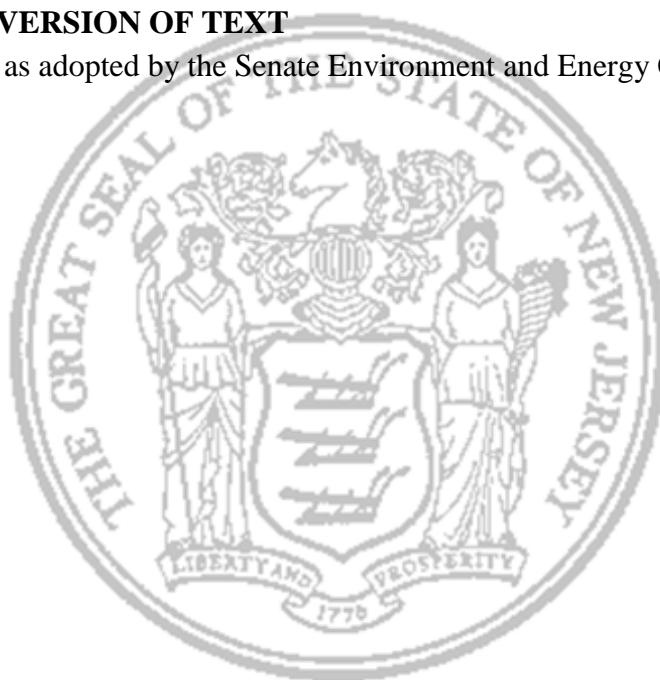
District 14 (Mercer and Middlesex)

SYNOPSIS

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

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Environment and Energy Committee.



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 P.L. ,
21 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 more
31 municipalities that have established a municipal sewerage authority
32 pursuant to P.L.1946, c.138 (C.40:14A-1 et seq.) or a municipal
33 utilities authority pursuant to P.L.1957, c.183 (C.40:14B-1 et seq.)
34 may, by ordinance, or parallel ordinances, as appropriate, request that
35 the authority establish a stormwater utility for the purposes of
36 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 P.L. ,
43 c. (C.) (pending before the Legislature as this bill) and the
44 “Local Authorities Fiscal Control Law,” P.L.1983, c.313
45 (C.40A:5A-1 et seq.). The agreement shall set forth the powers,
46 duties, and functions of the stormwater utility and any other matters
47 that may be necessary for the agreement. A stormwater utility
48 established pursuant to this section shall be considered a separate

1 operation of the authority to be budgeted and accounted for
2 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 has
15 established a county sewerage authority pursuant to P.L.1946, c.138
16 (C.40:14A-1 et seq.), a county utilities authority pursuant to P.L.1957,
17 c.183 (C.40:14B-1 et seq.), or a county improvement authority
18 pursuant to P.L.1960, c.183 (C.40:37A-44 et seq.) may, by resolution,
19 request that the authority establish a stormwater utility for the purposes
20 of acquiring, constructing, improving, maintaining, and operating
21 stormwater management systems in the county, consistent with State
22 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,” P.L.1983, c.313
28 (C.40A:5A-1 et seq.). The agreement shall set forth the powers,
29 duties, and functions of the stormwater utility and any other matters
30 that may be necessary for the agreement. A stormwater utility
31 established pursuant to this section shall be considered a separate
32 operation of the authority to be budgeted and accounted for
33 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 more
46 municipalities may, pursuant to the provisions of P.L.2007, c.63
47 (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 that
17 establishes a stormwater utility pursuant to P.L. , c. (C.)
18 (pending before the Legislature as this bill) may charge and collect
19 reasonable fees and other charges to recover the stormwater utility's
20 costs for stormwater management. These fees and other charges
21 may be charged to and collected from the owner or occupant, or
22 both, of any real property from which originates stormwater runoff
23 which directly or indirectly enters the stormwater management
24 system or the waters of the State. The owner of any such real
25 property shall be liable for and shall pay such fees and charges to
26 the stormwater utility at the time when and place where the fees and
27 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) development and implementation of any long-term control
29 plan to mitigate combined sewer overflows pursuant to State or
30 federal law, rule, regulation, permit, or consent decree;
- 31 (7) monitoring, inspection, and enforcement activities to carry
32 out the purposes of P.L. , c. (C.) (pending before the
33 Legislature as this bill);
- 34 (8) public education and outreach related to stormwater
35 management; and
- 36 (9) any other purpose related to stormwater management as may
37 be authorized by the department, the Division of Local Government
38 Services in the Department of Community Affairs, or the Local
39 Finance Board pursuant to rules, regulations, or permits.
- 40 f. In establishing fees and other charges and appropriate credits
41 pursuant to this section, a county, municipality, or authority shall
42 consult the guidance manual developed pursuant to section 15 of
43 P.L. , c. (C.) (pending before the Legislature as this bill),
44 and other best practice guidance manuals published by industry
45 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 and other charges that the county,
5 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 that have been
8 granted credits or exemptions from the fee;
9 (4) the total revenues from stormwater utility fees and other
10 charges collected by the county, municipality, or authority;
11 (5) the percentage and amount of revenues from fees and other
12 charges spent on each of the purposes authorized in subsection e. of
13 section 8 of P.L. , c. (C.) (pending before the Legislature as
14 this bill); and
15 (6) all stormwater management projects implemented in the
16 previous fiscal year.

17
18 12. (New section) a. A county, municipality, or authority that
19 establishes a stormwater utility pursuant to P.L. , c. (C.)
20 (pending before the Legislature as this bill) may acquire by gift,
21 grant, purchase, or condemnation, or in any other lawful manner,
22 any privately-owned stormwater management system, or any real
23 property necessary for the construction, improvement, operation, or
24 maintenance of a stormwater management system.

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

31
32 13. (New section) A county, municipality, or authority that
33 establishes a stormwater utility pursuant to P.L. , c. (C.)
34 (pending before the Legislature as this bill) may, pursuant to the
35 "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et
36 seq.), enter into a contract with a private entity for the planning,
37 design, engineering, construction, improvement, maintenance, and
38 operation of a stormwater management system.

39
40 14. (New section) Each county, municipality, and authority shall
41 adopt rules and regulations requiring that not less than the
42 prevailing wage rate be paid to workers employed in the
43 performance of any construction contract undertaken in connection
44 with financial assistance provided for the construction of a
45 stormwater management system under P.L. , c. (C.)
46 (pending before the Legislature as this bill). The prevailing wage
47 rate shall be the rate determined by the Commissioner of Labor

1 pursuant to the provisions of P.L.1963, c.150 (C.34:11-56.25 et
2 seq.).

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

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

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

20 (2) factors for counties, municipalities, and authorities to
21 consider when establishing stormwater utility fees and other
22 charges and appropriate credits;

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

25 (4) information on how counties, municipalities, and authorities
26 can conduct public education and outreach related to stormwater
27 management.

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

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

44 b. Moneys deposited in the “Clean Stormwater and Flood
45 Reduction Fund” are specifically dedicated and shall be used by the
46 Department of Environmental Protection only to fund planning,
47 implementation, and coordination activities related to stormwater
48 utilities in the State, water quality monitoring and assessment, point

1 and non-point source water pollution reduction projects,
2 implementation of the department's stormwater management
3 program, and a public education and outreach program relating to
4 stormwater management.

5
6 17. (New section) The Department of Environmental Protection,
7 the Division of Local Government Services in the Department of
8 Community Affairs, and the Local Finance Board may adopt,
9 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
10 (C.52:14B-1 et seq.), rules and regulations necessary for the
11 implementation of P.L. , c. (C.) (pending before the
12 Legislature as this bill).

13
14 18. Section 1 of P.L.2017, c.290 (C.40:14A-4.2) is amended to
15 read as follows:

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

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

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

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

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

43 (b) increases in pension contributions and accrued liability for
44 pension contributions in excess of two percent over those
45 expenditures for the previous budget year ;

46 (c) increases in health care costs equal to that portion of the
47 actual increase in total health costs for the budget year that is in
48 excess of two percent of total health care costs in the previous

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

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

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

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

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

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

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

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

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

41 The director shall review the budget to ensure that the budget
42 conforms with the requirements of subsection a. of this section and
43 the "Local Authorities Fiscal Control Law," P.L.1983, c.313
44 (C.40A:5A-1 et seq.), and that the budgeted expenditures are
45 reasonable in cost and necessary for the performance of the regional
46 sewerage authority.

47 If the director determines that the budget meets the requirements
48 of this subsection, the director shall approve the budget. If the

1 director does not approve the budget, the director shall return the
2 budget to the members of the regional sewerage authority with
3 written information concerning the reasons for the disapproval of
4 the budget.

5 To the extent that the provisions of subsection a. of this section
6 conflict with the provisions of the "Local Authorities Fiscal Control
7 Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), subsection a. of this
8 section shall take precedence.

9 (cf: P.L.2017, c.290, s.1)

10
11 19. Section 5 of P.L.1983, c.111 (C.40A:4-35.1) is amended to
12 read as follows:

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

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

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

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

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

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

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

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

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

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

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

d. Homemaker--home health services;

e. Laboratory testing services;

f. Emergency medical services;

g. Contracted food services;

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

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

j. Concessions;

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

l. Maintenance, custodial, and groundskeeping services;

m. Consulting services;

n. Emergency medical billing services;

o. Property appraisal services;

p. Reassessment or revaluation services;

q. Grant writing services;

r. Animal control services.

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

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

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

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

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

- 1 exceed 12 consecutive months. Contracts may be awarded for
2 longer periods of time as follows:
- 3 (1) Supplying of:
- 4 (a) (Deleted by amendment, P.L.1996, c.113.)
- 5 (b) (Deleted by amendment, P.L.1996, c.113.)
- 6 (c) Thermal energy produced by a cogeneration facility, for use
7 for heating or air conditioning or both, for any term not exceeding
8 40 years, when the contract is approved by the Board of Public
9 Utilities. For the purposes of this paragraph, "cogeneration" means
10 the simultaneous production in one facility of electric power and
11 other forms of useful energy such as heating or process steam;
- 12 (2) (Deleted by amendment, P.L.1977, c.53.)
- 13 (3) The collection and disposal of municipal solid waste, the
14 collection and disposition of recyclable material, or the disposal of
15 sewage sludge, for any term not exceeding in the aggregate, five
16 years;
- 17 (4) The collection and recycling of methane gas from a sanitary
18 landfill facility, for any term not exceeding 25 years, when the
19 contract is in conformance with a district solid waste management
20 plan approved pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.), and
21 with the approval of the Division of Local Government Services in
22 the Department of Community Affairs and the Department of
23 Environmental Protection. The contracting unit shall award the
24 contract to the highest responsible bidder, notwithstanding that the
25 contract price may be in excess of the amount of any necessarily
26 related administrative expenses; except that if the contract requires
27 the contracting unit to expend funds only, the contracting unit shall
28 award the contract to the lowest responsible bidder. The approval
29 by the Division of Local Government Services of public bidding
30 requirements shall not be required for those contracts exempted
31 therefrom pursuant to section 5 of P.L.1971, c.198 (C.40A:11-5);
- 32 (5) Data processing service, for any term of not more than seven
33 years;
- 34 (6) Insurance, including the purchase of insurance coverages,
35 insurance consulting or administrative services, claims
36 administration services and including participation in a joint self-
37 insurance fund, risk management program or related services
38 provided by a contracting unit insurance group, or participation in
39 an insurance fund established by a local unit pursuant to
40 N.J.S.40A:10-6, or a joint insurance fund established pursuant to
41 P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of not more
42 than three years;
- 43 (7) Leasing or servicing of (a) automobiles, motor vehicles,
44 machinery, and equipment of every nature and kind, for a period not
45 to exceed five years, or (b) machinery and equipment used in the
46 generation of electricity by a municipal shared services energy
47 authority established pursuant to section 4 of P.L.2015, c.129
48 (C.40A:66-4), or a contracting unit engaged in the generation of

1 electricity, for a period not to exceed 20 years; provided, however, a
2 contract shall be awarded only subject to and in accordance with the
3 rules and regulations promulgated by the Director of the Division of
4 Local Government Services in the Department of Community
5 Affairs;

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

9 (9) Any single project for the construction, reconstruction, or
10 rehabilitation of any public building, structure, or facility, or any
11 public works project, including the retention of the services of any
12 architect or engineer in connection therewith, for the length of time
13 authorized and necessary for the completion of the actual
14 construction;

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

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

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

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

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

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

30 (16) The provision of water supply services or the designing,
31 financing, construction, operation, or maintenance, or any
32 combination thereof, of a water supply facility, or any component
33 part or parts thereof, including a water filtration system, for a period
34 not to exceed 40 years, when the contract for these services is
35 approved by the Division of Local Government Services in the
36 Department of Community Affairs, the Board of Public Utilities,
37 and the Department of Environmental Protection pursuant to
38 P.L.1985, c.37 (C.58:26-1 et al.), except that no approvals shall be
39 required for those contracts otherwise exempted pursuant to
40 subsection (30), (31), (34), (35) or (43) of this section. For the
41 purposes of this subsection, "water supply services" means any
42 service provided by a water supply facility; "water filtration
43 system" means any equipment, plants, structures, machinery,
44 apparatus, or land, or any combination thereof, acquired, used,
45 constructed, rehabilitated, or operated for the collection,
46 impoundment, storage, improvement, filtration, or other treatment
47 of drinking water for the purposes of purifying and enhancing water
48 quality and insuring its potability prior to the distribution of the

1 drinking water to the general public for human consumption,
2 including plants and works, and other personal property and
3 appurtenances necessary for their use or operation; and "water
4 supply facility" means and refers to the real property and the plants,
5 structures, or interconnections between existing water supply
6 facilities, machinery and equipment and other property, real,
7 personal, and mixed, acquired, constructed, or operated, or to be
8 acquired, constructed, or operated, in whole or in part by or on
9 behalf of a political subdivision of the State or any agency thereof,
10 for the purpose of augmenting the natural water resources of the
11 State and making available an increased supply of water for all
12 uses, or of conserving existing water resources, and any and all
13 appurtenances necessary, useful, or convenient for the collecting,
14 impounding, storing, improving, treating, filtering, conserving, or
15 transmitting of water and for the preservation and protection of
16 these resources and facilities and providing for the conservation and
17 development of future water supply resources;

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

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

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

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

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

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

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

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

36 (24) The purchase of electricity or administrative or dispatching
37 services related to the transmission of electricity, from a supplier of
38 electricity subject to the jurisdiction of a federal regulatory agency,
39 from a qualifying small power producing facility or qualifying
40 cogeneration facility, as defined by 16 U.S.C. s.796, or from any
41 supplier of electricity within any regional transmission organization
42 or independent system operator or from an organization or operator
43 or their successors, by a contracting unit engaged in the generation
44 of electricity for retail sale, as of May 24, 1991, for a term not to
45 exceed 40 years, or by a contracting unit engaged solely in the
46 distribution of electricity for retail sale for a term not to exceed ten
47 years, except that a contract with a contracting unit, engaged solely
48 in the distribution of electricity for retail sale, in excess of ten

1 years, shall require the written approval of the Director of the
2 Division of Local Government Services. If the director fails to
3 respond in writing to the contracting unit within 10 business days,
4 the contract shall be deemed approved;

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

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

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

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

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

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

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

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

47 (33) The supplying of any product or the rendering of any
48 service, including consulting services, by a cemetery management

1 company for the maintenance and preservation of a municipal
2 cemetery operating pursuant to the "New Jersey Cemetery Act,"
3 N.J.S.8A:1-1 et seq., for a term not exceeding 15 years;

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

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

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

18 (37) The operation and management of a facility under a license
19 issued or permit approved by the Department of Environmental
20 Protection, including a wastewater treatment system , a stormwater
21 management system, or a water supply or distribution facility, as
22 the case may be, for any term of not more than ten years. For the
23 purposes of this subsection, "wastewater treatment system" refers to
24 facilities operated or maintained for the storage, collection,
25 reduction, disposal, or other treatment of wastewater or sewage
26 sludge, remediation of groundwater contamination, stormwater
27 runoff, or the final disposal of residues resulting from the treatment
28 of wastewater; "stormwater management system" means the same
29 as that term is defined in section 3 of P.L. , c. (C.) (pending
30 before the Legislature as this bill); and "water supply or distribution
31 facility" refers to facilities operated or maintained for augmenting
32 the natural water resources of the State, increasing the supply of
33 water, conserving existing water resources, or distributing water to
34 users;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 the contract expires or when the awarding of a contract is pending
2 at the time the contract expires.
3 (cf: P.L.2016, c.55, s.10)
4

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