

**ASSEMBLY, No. 3389**

---

**STATE OF NEW JERSEY**

**219th LEGISLATURE**

---

INTRODUCED FEBRUARY 25, 2020

**Sponsored by:**

**Assemblyman JOHN F. MCKEON**

**District 27 (Essex and Morris)**

**Co-Sponsored by:**

**Assemblywoman Murphy, Assemblymen Dancer and Spearman**

**SYNOPSIS**

Encourages sharing of services; makes appropriations.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/8/2021)**

1 AN ACT promoting the more effective operation of local  
2 government and the sharing of services among local units,  
3 amending and supplementing P.L.2007, c.63, amending  
4 P.L.2007, c.54, making appropriations, and repealing various  
5 statutes.

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

9  
10 1. Section 2 of P.L.2007, c.63 (C.40A:65-2) is amended to read  
11 as follows:

12 2. The Legislature finds and declares:

13 a. Historically, many specialized statutes have been enacted to  
14 permit shared services between local units for particular purposes.

15 b. (1) Other laws, permitting a variety of shared services,  
16 including interlocal services agreements, joint meetings, and  
17 consolidated and regional services~~[,]~~ exist but have not been very  
18 effective in promoting the broad use of shared services as a  
19 technique to reduce local expenses funded by property taxpayers.

20 (2) The goal of encouraging and facilitating the provision of  
21 local and regional services through a shared service agreement,  
22 joint contract, or consolidation that results in a cost savings that  
23 may be passed along to property taxpayers over time, is an  
24 important goal of the State of New Jersey, and delays caused by  
25 disputes over Civil Service rules and tenure provisions resulting  
26 from a shared service, joint contract, or consolidation must be  
27 resolved expeditiously to ensure that such provisions do not hinder  
28 that goal.

29 c. It is appropriate for the Legislature to enact a new shared  
30 services statute that can be used to effectuate agreements between  
31 local units for any service or circumstance intended to reduce  
32 property taxes through the reduction of local expenses.

33 d. It is contrary to public policy that the tenure rights of certain  
34 local personnel should effectively prohibit shared services  
35 agreements for the services provided by those local personnel,  
36 thereby depriving property taxpayers of property tax relief.

37 e. In order to evaluate the efficiencies related to the sharing of  
38 services of certain local personnel having tenure rights in office, it  
39 is appropriate to create a pilot program in seven counties of the  
40 State which embody urban, suburban, and rural characteristics to  
41 study the sharing of the services of these personnel between  
42 municipalities by allowing for the dismissal of such a tenured local  
43 official, as necessary, in order to promote and effectuate the sharing  
44 of a service.

45 (cf: P.L.2018, c.140, s.2)

**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       2. Section 11 of P.L.2007, c.63 (C.40A:65-11), is amended to  
2 read as follows:

3       11. a. When a local unit contracts, through a shared service  
4 agreement or joint **【meeting】** contract, to have another local unit or  
5 a joint meeting provide a service it is currently providing using  
6 public employees and one or more of the local units have adopted  
7 Title 11A, Civil Service, then the agreement shall include an  
8 employment reconciliation plan in accordance with this section that  
9 **【and, if one or more of the local units have adopted Title 11A, Civil**  
10 **Service,】** shall specifically set forth the intended jurisdiction of the  
11 Civil Service Commission. Unless otherwise agreed to by the  
12 parties, the local unit that will be providing the service will be  
13 responsible for filing the employment reconciliation plan with the  
14 Civil Service Commission. An employment reconciliation plan  
15 shall be subject to the following provisions:

16       (1) **【a** determination of those employees, if any, that shall be  
17 transferred to the providing local unit, retained by the recipient  
18 local unit, or terminated from employment for reasons of economy  
19 or efficiency, subject to the provisions of any existing collective  
20 bargaining agreements within the local units.

21       (2) any employee terminated for reasons of economy or  
22 efficiency by the local unit providing the service under the shared  
23 service agreement shall be given a terminal leave payment of not  
24 less than a period of one month for each five-year period of past  
25 service as an employee with the local unit, or other enhanced  
26 benefits that may be provided or negotiated. For the purposes of  
27 this paragraph, "terminal leave payment" means a single, lump sum  
28 payment, paid at termination, calculated using the regular base  
29 salary at the time of termination. Unless otherwise negotiated or  
30 provided by the employer, a terminal leave benefit shall not include  
31 extended payment, or payment for retroactive salary increases,  
32 bonuses, overtime, longevity, sick leave, accrued vacation or other  
33 time benefit, or any other benefit.

34       (3) the Civil Service Commission shall place any employee that  
35 has permanent status pursuant to Title 11A, Civil Service, of the  
36 New Jersey Statutes that is terminated for reasons of economy or  
37 efficiency at any time by either local unit on a special  
38 reemployment list for any civil service employer within the county  
39 of the agreement or any political subdivision therein.

40       (4) **【** when a proposed shared service agreement or joint  
41 contract affects employees in local units subject to Title 11A, Civil  
42 Service, of the New Jersey Statutes, **【an** employment reconciliation  
43 plan shall be filed with the Civil Service Commission prior to the  
44 approval of the shared service agreement. The commission shall  
45 review it for consistency with this section within 45 days of receipt  
46 and it shall be deemed approved, subject to approval of the shared  
47 service agreement by the end of that time, unless the commission

1 has responded with a denial or conditions that must be met in order  
2 for it to be approved. **the parties to the proposed shared service**  
3 **agreement or joint contract, as appropriate, may request relaxation**  
4 **of the provisions of Title 11A, Civil Service, of the New Jersey**  
5 **Statutes, along with the corresponding rules and regulations,**  
6 **including but not limited to selection and appointment, to permit**  
7 **employees of the local units who are not subject to Title 11A, Civil**  
8 **Service, of the New Jersey Statutes prior to the execution of a**  
9 **shared service agreement or joint contract to become civil service**  
10 **employees for the purpose of creating a uniform employee pool**  
11 **from which the new shared service or joint contract provider may**  
12 **choose to hire employees; and to permit the expedited designation**  
13 **of a person as a civil service employee without regard to the normal**  
14 **processes, including testing and employment lists.**

15 **[(5)]** (2) when an action is required of the Civil Service  
16 Commission by this section, parties to a **[planned] proposed** shared  
17 service agreement or joint contract may consult with that  
18 commission in advance of the action and the commission shall  
19 provide such technical support as may be necessary to assist in the  
20 preparation of an employment reconciliation plan or any other  
21 action required of the commission by this section.

22 (3) a determination of those employees, if any, that shall be  
23 transferred to the providing local unit or joint meeting, retained by  
24 the recipient local unit, or terminated from employment for reasons  
25 of economy or efficiency. These employment decisions made by  
26 the local units on whose behalf the plan is submitted shall be  
27 subject to the provisions of any existing collective bargaining  
28 agreements within the affected local units. In the event of any  
29 conflict in the operation of collective bargaining agreements of the  
30 affected local units as it pertains to such employment decisions, the  
31 dispute shall be settled by the parties using mediation or, if that is  
32 unsuccessful, by binding arbitration.

33 (4) the Civil Service Commission shall place any employee who  
34 has permanent status pursuant to Title 11A, Civil Service, of the  
35 New Jersey Statutes that is terminated for reasons of economy or  
36 efficiency at any time by either local unit on a special  
37 reemployment list for any civil service employer within the county  
38 of the shared service agreement or joint contract or any political  
39 subdivision therein, except that an employee who has turned down a  
40 reemployment opportunity in a position that is one with the same or  
41 substantially similar job duties as, the same title and series as, the  
42 same or substantially similar hours of work as, and a location within  
43 a 25 mile radius of, the position from which the employee was  
44 terminated, shall be removed from the special reemployment list.

45 (5) when an employee of a jurisdiction that has not adopted  
46 Title 11A, Civil Service, of the New Jersey Statutes, is transferred  
47 and given a Civil Service job title pursuant to a shared service  
48 agreement or joint contract, then upon termination of the agreement

1 or contract that employee shall remain subject to the provisions of  
2 Title 11A, Civil Service, of the New Jersey Statutes.

3 b. **【**If all the local units that are parties to the agreement are  
4 subject to the provisions of Title 11A, Civil Service, of the New  
5 Jersey Statutes, the Civil Service Commission shall create an  
6 implementation plan for the agreement that will: (1) transfer  
7 employees with current status in current title unless reclassified, or  
8 (2) reclassify employees into job titles that best reflect the work to  
9 be performed. The Civil Service Commission shall review whether  
10 any existing hiring or promotional lists should be merged,  
11 inactivated, or re-announced. Non-transferred employees shall be  
12 removed or suspended only for good cause and after the opportunity  
13 for a hearing before the Civil Service Commission; provided,  
14 however, that they may be laid-off in accordance with the  
15 provisions of N.J.S.11A:8-1 et seq., and the regulations  
16 promulgated thereunder.**】** The **【**final decision of which employees  
17 shall transfer to the new employer is vested solely with the**】** local  
18 unit that will provide the service **【and】** shall have the final decision  
19 over which employees shall transfer from a recipient local unit to  
20 the providing local unit, subject to the provisions of any existing  
21 collective bargaining agreements within the affected local units.

22 c. (1) If the local unit that will provide the service pursuant to  
23 a shared service agreement is subject to Title 11A, Civil Service, of  
24 the New Jersey Statutes, but the local unit to receive the service is  
25 not subject to that Title, and the contracting local units desire that  
26 some or all employees of the recipient local unit are to be  
27 transferred to the providing local unit, the Civil Service  
28 Commission shall vest **【only】** those employees **【**who have been  
29 employed for one year or more in permanent status pursuant to  
30 N.J.S.11A:9-9**】** in appropriate titles, seniority, and Civil Service  
31 tenure with the providing local unit based on the duties of the  
32 position, information provided by the recipient unit, and the  
33 recommendation of the local unit providing the service. The final  
34 decision of which employees shall transfer to the new employer is  
35 vested solely with the local unit that will provide the service **【and**  
36 **subject to the provisions of any existing collective bargaining**  
37 **agreements within the local units】**, subject to the provisions of any  
38 existing collective bargaining agreements within the local unit.

39 **【**d. If the local unit that will provide the service is not subject to  
40 the provisions of Title 11A, Civil Service, of the New Jersey  
41 Statutes, but the local unit that will receive the service is subject to  
42 that Title and the parties desire that some or all employees of the  
43 recipient local unit are to be transferred to the providing local unit,  
44 the transferred employees shall be granted tenure in office and shall  
45 only be removed or suspended for good cause and after a hearing;  
46 provided, however, that they may be laid-off in accordance with the

1 provisions of N.J.S.11A:8-1 et seq., and the regulations  
2 promulgated thereunder.】

3 (2) The transferred employees shall be subject to layoff  
4 procedures prior to the transfer to the new 【entity】 employer. The  
5 current employer of an employee who is being laid off for reasons  
6 of economy due to the implementation of a joint contract or shared  
7 service agreement, in consultation with the new employer, shall  
8 provide the employee with notice of the layoff at least 45 days prior  
9 to the layoff date, unless a collective bargaining agreement,  
10 employment contract, or personnel policy sets forth a different  
11 notice requirement. An employee who has permanent status  
12 pursuant to Title 11A, Civil Service, of the New Jersey Statutes  
13 shall have a right to appeal the good faith of such layoff by the  
14 current employer to the Civil Service Commission, which may  
15 consolidate all such appeals. All appeals must be filed within 20  
16 days of final notice of such layoff.

17 (3) Once transferred, 【they will】 an employee shall be subject  
18 to any collective bargaining agreements, employment contracts,  
19 personnel policies, and provisions that exist for the new 【entity】  
20 employer. The final decision of which employees shall transfer to  
21 the new employer is vested solely with the local unit that will  
22 provide the service 【and subject to the provisions of any existing  
23 collective bargaining agreements within the local units】, subject to  
24 the provisions of any existing collective bargaining agreements  
25 within the affected local units. In the event of any conflict in the  
26 operation of collective bargaining agreements of the affected local  
27 units as it pertains to such employment decisions, the dispute shall  
28 be settled by the parties using mediation or, if that is unsuccessful,  
29 by binding arbitration.

30 (cf: P.L.2008, c.29, s.101)

31

32 3. Section 18 of P.L.2007, c.63 (C.40A:65-18) is amended to  
33 read as follows:

34 18. a. When a joint meeting merges bargaining units that have  
35 current contracts negotiated in accordance with the provisions of  
36 the "New Jersey Employer-Employee Relations Act,"  
37 P.L.1941, c.100 (C.34:13A-1 et seq.), 【the】 terms and conditions of  
38 the existing contracts shall apply to the rights of the members of the  
39 respective bargaining units until a new contract is negotiated,  
40 reduced to writing, and signed by the parties as provided pursuant  
41 to law and regulation promulgated thereunder.

42 b. The Public Employment Relations Commission is  
43 specifically authorized to provide technical advice, pursuant to  
44 section 12 of P.L.1968, c.303 (C.34:13A-8.3), and mediation  
45 services to integrate separate labor agreements into single  
46 agreements for the joint contract. The commission may order

1 binding arbitration, pursuant to P.L.1995, c.425 (C.34:13A-14a et  
2 al.), to integrate any labor agreement.

3 c. When local units enter into a joint meeting that results in the  
4 merger of bargaining units, if a dispute arises over the  
5 representation of employees in the merged unit, the Public  
6 Employment Relations Commission is authorized to provide  
7 technical advice pursuant to section 12 of  
8 P.L.1968, c.303 (C.34:13A-8.3), and mediation services to resolve  
9 representation disputes. If disputes over representation cannot be  
10 resolved through advice and mediation, the Public Employment  
11 Relations Commission shall determine the appropriate units for  
12 purposes of collective negotiations and shall conduct secret ballot  
13 elections in such units to permit employees to select their majority  
14 representative pursuant to the commission's rules and regulations.  
15 Agreements between majority representatives regarding the  
16 representation of employees in a merged unit shall be binding on  
17 the new employer.

18 (cf: P.L.2007, c.63, s.18)

19  
20 4. Section 22 of P.L.2007, c.63 (C.40A:65-22) is amended to  
21 read as follows:

22 22. a. The management committee shall comply with the  
23 requirements of sections 10 and 11 of P.L.1983, c.313 (C.40A:5A-  
24 10 and C.40A:5A-11) regarding the submission and approval of an  
25 annual budget to the Director of the Division of Local Government  
26 Services in the Department of Community Affairs, or to the  
27 Commissioner of Education, as appropriate.

28 b. The management committee, not later than November 1 of  
29 each year, shall certify to the participating local units the total costs  
30 and expenses of operation, other than acquisition and construction  
31 costs, of the services, public improvements, works, facilities, or  
32 undertakings for the ensuing year, in accordance with the terms and  
33 provisions of the joint contract, together with an apportionment of  
34 the costs and expenses of operation among the participating local  
35 units in accordance with the method of apportionment provided in  
36 the joint contract. It shall be the duty of each participating local  
37 unit to include its apportioned share of such costs and expenses of  
38 operation in its annual budget, and to pay over to the management  
39 committee its apportioned share as provided in the joint contract.  
40 Operations under the budget and related matters shall be subject to  
41 and in accordance with rules of the Local Finance Board or the  
42 Commissioner of Education, as appropriate. The Local Finance  
43 Board shall be responsible for the determination of the appropriate  
44 rule-making authority with regard to each joint contract. For the  
45 first year of operation under the joint contract, a participating local  
46 unit may adopt a supplemental or emergency appropriation for the  
47 purpose of paying its apportioned share of the costs and expenses of

1 operation, if provision therefor has not been made in the annual  
2 budget.

3 (cf: P.L.2007, c.63, s.22)

4

5 5. (New section) At any time prior to the execution of a shared  
6 service agreement or joint contract, if one or more of the local units  
7 that are the potential parties to the agreement or contract have  
8 adopted Title 11A, Civil Service, the potential parties may submit  
9 to the Civil Service Commission an application to employ a  
10 stratified layoff process. The application shall assign current  
11 employees of the local units to one of three employee bands:  
12 executive, managerial, or non-managerial.

13 At the time that the potential parties to a shared service  
14 agreement or joint contract submit an application to employ a  
15 stratified layoff process to the Civil Service Commission, the  
16 parties shall transmit a copy of the application to applicable  
17 collective bargaining representatives. Within 15 days after receipt  
18 of a copy of an application to employ a stratified layoff process,  
19 collective bargaining representatives may submit additional  
20 information to the commission for its consideration.

21 The Civil Service Commission shall review assignments and  
22 classifications set forth on the application, and any additional  
23 information submitted by collective bargaining representatives, and  
24 approve an application to employ a stratified layoff process if the  
25 application assigns each employee to the proper band.

26 The Civil Service Commission shall assign the job titles in the  
27 local units to the following employee bands:

28 executive band: job titles in local government with managerial  
29 responsibilities equivalent to a Division Director or higher in the  
30 State Career Service;

31 managerial band: job titles in local government with managerial  
32 responsibilities equivalent to an Assistant Director or Bureau Chief  
33 in the State Career Service and that supervise second level  
34 supervisors;

35 non-managerial: job titles in local government that are not in the  
36 executive or managerial bands.

37 For the purposes of this section, "stratified layoff process" means  
38 a layoff plan and procedure designed to allow employees within a  
39 given employee band to invoke seniority in the event of layoffs but  
40 to prohibit employees assigned to one band from invoking seniority  
41 rights over an employee assigned to another band. This stratified  
42 layoff process is intended to be used only in the implementation of  
43 a shared service agreement or joint contract. Within an employee  
44 band, employees shall retain and be entitled to exercise all seniority  
45 and layoff rights that they have under Civil Service law and  
46 regulations and under any applicable collective bargaining  
47 agreements.



1       6. Section 5 of P.L.2007, c.54 (C.52:27D-505) is amended to  
2 read as follows:

3       5. a. (1) The commission shall study and report on the  
4 structure and functions of county and municipal government,  
5 including local taxing districts, their statutory bases, including the  
6 fiscal relationship between local governments, and the appropriate  
7 allocation of service delivery responsibilities from the standpoint of  
8 efficiency. The study of the transfer of the municipal tax  
9 assessment function to the county through the appointment of a  
10 county assessor and deputy county assessors in a pilot county  
11 pursuant to the "Property Assessment Reform Act," sections 1  
12 through 15 of P.L.2009, c.118 (C.54:1-86 et seq.), shall be  
13 conducted in consultation with the Director of the Division of  
14 Taxation in the Department of the Treasury.

15       (2) The commission shall recommend legislative changes which  
16 would encourage the more efficient operation of local government.  
17 These changes may include the structural and administrative  
18 streamlining of county and municipal government functions,  
19 including but not limited to, the transfer of functions from one level  
20 of government to another, and the use or establishment of regional  
21 service delivery entities.

22       (3) The commission shall also consider optimal service levels,  
23 ratios of employees to population served, cost structures for service  
24 delivery, and other best practices.

25       Within two years following the effective date of  
26 P.L.2007, c.54 (C.52:27D-501 et al.), the commission shall report  
27 its findings to the Governor, the President of the Senate, and the  
28 Speaker of the General Assembly; provided, however, that findings  
29 concerning the transfer of the municipal tax assessment function to  
30 the county through the appointment of a county assessor and deputy  
31 county assessors shall be reported on or before February 1 of the  
32 sixth year next following the effective date of P.L.2009, c.118  
33 (C.54:1-86 et al.).

34       b. Based on its findings pursuant to paragraph (3) of subsection  
35 a. of this section, the commission shall develop criteria to serve as  
36 the basis for recommending the consolidation of specific  
37 municipalities **[,] and** the merger of specific existing autonomous  
38 agencies into the parent municipal or county government, **[or] and**  
39 for recommending the sharing of services between municipalities or  
40 between municipalities and other public entities, including but not  
41 limited to counties, fire districts, school districts, and regional  
42 school districts. **[Recommendations for sharing services may result**  
43 **from a study focusing exclusively on the sharing of services or may**  
44 **result from a study examining potential consolidation.**  
45 **Municipalities to be considered for consolidation shall be within the**  
46 **same county and shall also be situated within the same legislative**  
47 **district.]**

1 The criteria to govern a study to examine consolidation or the  
2 sharing of services shall include, but need not be limited to:

3 (1) a consideration of geographic factors, such as a shared  
4 boundary, or in the case of the recommended consolidation of more  
5 than two local units, that the consolidated local unit will have a  
6 contiguous boundary;

7 (2) an analysis of the economic costs and benefits of  
8 consolidation or the sharing of services, as the case may be,  
9 including potential tax savings and reductions in government costs  
10 through economies of scale;

11 (3) measures to ensure that costs and benefits of consolidation  
12 or service sharing are distributed equitably across the entire  
13 community; and

14 (4) measures to safeguard the interests of communities in the  
15 municipalities for which consolidation or sharing of services is  
16 recommended, including the impact of a recommended  
17 consolidation or sharing of services on the ability of the public  
18 entity to comply with applicable State and federal laws and  
19 regulations and on the overall quality and efficient delivery of those  
20 services.

21 The commission shall **【give priority to】** first focus its studies on  
22 local units that 【volunteer to be studied】 neither participate in a  
23 shared service agreement nor have undertaken independent shared  
24 services studies or negotiations before it studies any local units that  
25 participate in a shared service agreement.

26 When the commission's study is one that could potentially serve  
27 as the basis for a recommendation that, if not acted upon, could  
28 result in a reduction of State aid pursuant to subsection f. of section  
29 8 of P.L.2007, c.54 (C.52:27D-508), then the recommended model,  
30 (1) must be projected to be capable of maintaining the same level of  
31 service or improving the services provided by the participating  
32 municipalities; and (2) must project either a meaningful savings or a  
33 slowed rate of growth of costs to result over a reasonable period of  
34 time.

35 The commission shall not engage in a study involving a  
36 municipality that could potentially serve as the basis for a  
37 recommendation that, if not acted upon, could result in a reduction  
38 of State aid pursuant to subsection f. of section 8 of P.L.2007,  
39 c.54 (C.52:27D-508) if that municipality demonstrates that it is  
40 already sharing services with another local unit, unless the  
41 commission affirmatively demonstrates that it has already studied  
42 all municipalities in the State that are not engaged in sharing  
43 services with other local units.

44 c. (1) (a) Based upon criteria developed pursuant to  
45 subsection b. of this section and in consultation with the local units  
46 that are being studied, the commission shall undertake studies to  
47 examine the sharing of services between specific municipalities or  
48 between municipalities and other public entities. The commission

1 also may undertake studies to examine the consolidation potential  
2 for specific municipalities, but such studies or recommendations  
3 shall not be subject to potential reductions in State aid pursuant to  
4 subsection f. of section 8 of P.L.2007, c.54 (C.52:27D-508).

5 (b) In undertaking its studies the commission shall conduct at  
6 least five on-site consultation sessions in each local unit being  
7 studied, with the governing bodies, or their designees, and affected  
8 officials and other public entities under consideration for  
9 consolidation or the sharing of services. If the consultation sessions  
10 are subject to the "Senator Byron M. Baer Open Public Meetings  
11 Act," P.L.1975, c.231 (C.10:4-6 et seq.), the commission shall  
12 reimburse the local units for any expenses incurred.

13 (c) Each consolidation proposal or shared services proposal  
14 shall:

15 (i) detail the current delivery service being considered for the  
16 shared service proposal, including personnel, equipment, and cost;  
17 and

18 (ii) detail the cost, including personnel and equipment for the  
19 proposed shared services; and

20 (iii) include an estimate of the total net savings that will result  
21 from implementation of the proposed consolidation or sharing of  
22 services; and

23 (iv) provide options for the delivery of the shared services and  
24 an explanation of why those options are not optimum; and

25 (v) include a transcription of the public hearings held pursuant  
26 to paragraph (3) of this subsection; and

27 (vi) include any other pertinent information.

28 (d) The commission shall provide written notice of a  
29 recommendation, including any economic analysis, made pursuant  
30 to this subsection to the governing body of each local unit that is the  
31 subject of the recommendation, together with documentation  
32 supporting the commission's recommendation.

33 (e) A local unit may request the commission to undertake a  
34 study to examine the local unit's potential for consolidation or the  
35 sharing of services. A county may request the commission to  
36 undertake a study to examine the county's potential for providing  
37 specific shared services to constituent municipalities, however, no  
38 county shall be included in a study that could potentially serve as  
39 the basis for a recommendation that, if not acted upon, could result  
40 in a reduction of State aid to a municipality pursuant to subsection  
41 f. of section 8 of P.L.2007, c.54 (C.52:27D-508) unless the request  
42 to undertake the study is agreed to by the governing bodies of the  
43 affected municipalities through the adoption of resolutions stating  
44 support.

45 (f) The results of any economic analysis performed by or on  
46 behalf of the commission shall be submitted to the State Treasurer  
47 for a review of the accuracy of the analysis prior to releasing a  
48 recommendation pursuant to this subparagraph. At the same time,

1 the results of the economic analysis shall be submitted to the  
2 affected municipalities and other public entities. No  
3 recommendation for a shared service that is submitted to the State  
4 Treasurer by the commission shall be made unless the commission  
5 finds that the current level of service will be maintained or  
6 improved for each affected municipality and that each affected  
7 municipality will realize a cost savings. The State Treasurer shall,  
8 within 90 days of receipt, weigh any contrary information or  
9 evidence submitted by affected municipalities and other public  
10 entities and then either certify the recommendation, or prepare a  
11 memo of objections for the commission. The local unit shall,  
12 within 30 days from the date that the commission submits the  
13 economic analysis, either certify the recommendation or provide,  
14 either electronically, by e-mail, by letter, or by personal delivery, a  
15 written objection along with supporting documentation to the State  
16 Treasurer. The commission shall work with the State Treasurer in  
17 satisfying the objections prior to resubmitting a recommendation for  
18 review and certification. In accordance with the results of its  
19 studies, the commission may recommend the consolidation of  
20 specific municipalities, or the sharing of services between specific  
21 municipalities or between municipalities and other public entities.

22 (g) (i) The commission shall provide written notice to the  
23 governing body of each municipality that is the subject of a  
24 recommendation, together with supporting documentation and the  
25 State Treasurer's certification of, or objections to, the economic  
26 analysis. A notice recommending the sharing of services shall state  
27 that the governing bodies have 14 months from the date of the  
28 notice to approve a certified recommendation for a shared service,  
29 or that they need not take any action with respect to a  
30 recommendation for a shared service that was not certified by the  
31 State Treasurer.

32 (ii) A municipality may contest the total net savings estimate  
33 contained in the commission's proposal by appeal to the  
34 Commissioner of Community Affairs within 30 days of receipt of  
35 the recommendation. The commissioner shall have 15 business  
36 days to review the analysis and the challenge in order to determine  
37 whether the analysis should be adjusted. The commissioner may  
38 extend the review time for the appeal if the commissioner deems a  
39 hearing is necessary.

40 (2) When a municipal consolidation is recommended by the  
41 commission, the commission shall substitute for a joint municipal  
42 consolidation study commission that would be formed pursuant to  
43 section 7 of the "Municipal Consolidation Act,"  
44 P.L.1977, c.435 (C.40:43-66.41) or any other statute governing  
45 municipal consolidation, and no voter approval shall be required to  
46 create the study commission. The commission shall be present at

1 one or more of the public hearings required pursuant to subsection  
2 d. of section 25 of P.L.2007, c.63 (C.40A:65-25).

3 (3) When a sharing of services is recommended by the  
4 commission, the commission shall hold at least two public hearings  
5 in each municipality, in places that are easily accessible to the  
6 residents. A public hearing required by this paragraph shall be  
7 advertised in the official newspaper of the local unit at least seven  
8 days prior to the public hearing, posted in each local unit's official  
9 buildings and on each local unit's official Internet website, if one  
10 exists, and shall also be posted by the commission on its Internet  
11 website. The commission shall reimburse the local units for any  
12 expenses incurred in holding the public hearings required under this  
13 paragraph.

14 d. When a consolidation or shared service is recommended by  
15 the commission, the commission shall recommend State funding for  
16 any extraordinary expenses necessitated by the consolidation plan  
17 or shared service agreement. The commission shall recommend  
18 that this funding be provided either by funds made available to the  
19 commission for that purpose or by the Legislature or State  
20 Treasurer as part of the annual State budget process.

21 (cf: P.L.2009, c.118, s.16)

22  
23 7. Section 6 of P.L.2007, c.54 (C.52:27D-506) is amended to  
24 read as follows:

25 6. a. (1) The "Local Unit Alignment, Reorganization, and  
26 Consolidation Commission" shall work in conjunction with the  
27 Local Finance Board and the Division of Local Government  
28 Services in the Department of Community Affairs. **【To the extent**  
29 **possible, the】** The commission may request specific resources from  
30 the department. The department shall provide the commission with  
31 all resources requested by the commission that the department  
32 determines are reasonable and necessary for the commission to  
33 operate and satisfy its statutory duties including, but not limited to,  
34 the provision of offices, equipment, materials, and administrative,  
35 technical, and legal personnel. The department shall have the  
36 burden of showing that a request for resources is unreasonable.

37 (2) The commission may also request, and shall be entitled to,  
38 the assistance and services of the employees of any State  
39 department, board, bureau, commission, or agency, as it may  
40 require and as may be available to it for its purposes.

41 b. The commission may request, and shall be entitled to, the  
42 cooperation of the officials and employees of every county and  
43 municipality, as it may require.

44 c. The commission may incur traveling and other  
45 miscellaneous expenses necessary to perform its duties, within the  
46 limits of funds available to it for its purposes.

47 d. The commission may contract for the services of  
48 professional, technical, and operational personnel and consultants

1 as it may determine are necessary to perform its duties, within the  
2 limits of funds available to it for its purposes.

3 (cf: P.L.2007, c.54, s.6)

4  
5 8. Section 7 of P.L.2007, c.54 (C.52:27D-507) is amended to  
6 read as follows:

7 7. a. The "Local Unit Alignment, Reorganization, and  
8 Consolidation Commission" shall annually, by January 31st, submit  
9 to the Governor and the Legislature a report summarizing the  
10 commission's activities over the course of the previous calendar  
11 year.

12 b. In the event that the commission proposes consolidation of  
13 local units **【or a shared services agreement】**, the commission shall  
14 submit a copy of the consolidation **【or shared services】** proposal to  
15 the Governor and the Legislature **【no later than May 1st of the year**  
16 **in which the proposed consolidation is to be put before the voters**  
17 **pursuant to subsection a. of section 8 of P.L.2007, c.54 (C.52:27D-**  
18 **508). A municipal consolidation proposal shall include, but not be**  
19 **limited to, a description of the form of government, the election of**  
20 **officers, the apportionment of debts, and other issues between pairs**  
21 **or groups of municipalities which the commission proposes should**  
22 **consolidate or share services】 together with its annual report.**

23 c. **【A consolidation or shared services proposal shall take**  
24 **effect at the end of a period of 30 calendar days after the date on**  
25 **which the proposal is transmitted to the Senate and General**  
26 **Assembly, on a day on which both thereof shall be meeting in the**  
27 **course of a regular or special session, unless, between the date of**  
28 **transmittal and the end of the 30-day period, the Legislature passes**  
29 **a concurrent resolution stating in substance that the Legislature**  
30 **does not favor the consolidation proposal.】** (Deleted by  
31 amendment, P.L. , c. .) (pending before the Legislature as this  
32 bill)

33 (cf: P.L.2007, c.54, s.7)

34  
35 9. Section 8 of P.L.2007, c.54 (C.52:27D-508) is amended to  
36 read as follows:

37 8. a. **【Upon】** If a local unit receives a recommendation for  
38 the sharing of services from the commission together with the  
39 **【taking effect of a consolidation or shared services proposal】** State  
40 Treasurer's certification of the recommendation, pursuant to  
41 **【subsection b. of】** section **【7】** 5 of P.L.2007, c.54 **【(C.52:27D-**  
42 **507)】** (C.52:27D-505), **【each recommendation included therein**  
43 **shall be put before the affected voters at the next general election**  
44 **and shall become effective only upon its】** the local unit shall  
45 approve the recommendation within 14 months of the date of the  
46 notice or be subject to a reduction of State aid in accordance with  
47 subsection f. of this section. A local unit may approve a

1 recommendation for the sharing of services by adoption of a  
2 resolution or ordinance or by adoption by a majority of the voters of  
3 **【each affected municipality】** the local unit.

4 Nothing in this subsection shall prohibit the governing body of a  
5 local unit from approving a recommendation for the sharing of  
6 services by adoption of a resolution or ordinance and placing that  
7 proposal before the affected voters at the next general election.

8 b. **【In order to effectuate the provisions of subsection a. of this**  
9 **section, the Secretary of State】** If the governing body of a local unit  
10 chooses to place the question of approval of a recommendation for  
11 the sharing of services before the voters, the clerk or other  
12 appropriate administrative officer of the local unit shall forward to  
13 the clerk of 【each】 the county in which the 【affected】 local 【units  
14 are】 unit is located a public question to be included on the ballots at  
15 the next general election for the election districts encompassing  
16 those affected local units.

17 **【(1) The question with respect to consolidation shall read as**  
18 **follows:**

19 "Shall (insert the names of the participating local units) be  
20 consolidated into a single local unit to be known as (insert the name  
21 proposed for the consolidated local unit)?"

22 **(2)】** The question with respect to a shared services proposal  
23 shall read as follows:

24 "Shall (insert the services to be shared) be jointly undertaken  
25 between (insert the names of the entities between which sharing is  
26 to occur)? The State's Local Unit Alignment, Reorganization, and  
27 Consolidation Commission proposes this "sharing of services" and  
28 estimates that it can save \$ (insert estimate of savings included in  
29 the proposal pursuant to subsection c. of section 5 of  
30 P.L.2007, c.54 (C.52:27D-505)). This proposed sharing of service  
31 will (insert "reduce," "increase," "not change," or "slow the rate of  
32 growth of") the level of service currently provided by (insert the  
33 name of the entity) according to the State's recommendation. This  
34 estimated savings will result, on average, of a savings of \$ (insert  
35 savings per property taxpayer based on averaged assessed property)  
36 per property tax bill of the averaged assessed property of \$ (insert  
37 the averaged assessed property). The (insert name of entity) (insert  
38 "supports" or "opposes") this proposed shared service for the  
39 following reason(s) (insert the one or more reasons). If a majority  
40 of the voters vote "No", the State shall reduce "State Aid" to your  
41 municipality by that amount each year." The reduction of State aid  
42 may result in an increase in the property tax levy.

43 c. **【The consolidation of pairs or groups of local units**  
44 **recommended for consolidation under subsection a. of this section**  
45 **shall be accomplished within 14】** Local units that are the subject of  
46 a recommendation for the sharing of services shall implement the  
47 recommendation within 28 months following the 【voter approval】

1 date of the [consolidation recommendation] notice of the  
2 commission recommendation.

3 d. (1) No question with respect to a consolidation  
4 recommended or proposed by the commission shall be submitted to  
5 the voters of a local unit.

6 (2) The adoption of a form of government, the election of  
7 officers, the apportionment of debts, and other issues between pairs  
8 or groups of municipalities [required] that choose to consolidate  
9 pursuant to [an approved] a consolidation [recommendation]  
10 proposal [under subsection c. of this section] shall be determined  
11 by the commission, as far as practicable, in accordance with the  
12 procedures set forth in the "Municipal Consolidation Act,"  
13 P.L.1977, c.435 (C.40:43-66.35 et al.) or any other statute  
14 governing municipal consolidation.

15 e. For a period of 10 years [from the] following  
16 implementation of an approved consolidation [of a pair or group of  
17 municipalities pursuant to a consolidation recommendation  
18 approved under subsection c. of this section] proposal, and  
19 notwithstanding any law to the contrary, the residents of [those  
20 municipalities] the consolidated municipality, or portions thereof,  
21 shall not have the right to secede to form a new municipality, or to  
22 consolidate with, or annex themselves to, any other municipality.

23 f. (1) If a municipality does not approve a recommendation  
24 for the sharing of services within 14 months of the date of notice of  
25 the commission's recommendation, or if that municipality does not  
26 make a good faith attempt to enter into and implement the  
27 recommended joint contract or shared service agreement within 28  
28 months following the date of notice of the commission's  
29 recommendation, then the State shall annually reduce the total  
30 amount of State aid allocated to that municipality under the  
31 Consolidated Municipal Property Tax Relief Aid (CMPTRA)  
32 program, by the total net savings estimated in the proposal pursuant  
33 to subsection c. of section 5 of P.L.2007, c.54 (C.52:27D-505).

34 (2) No municipality shall be subject to a reduction in its  
35 CMPTRA allocation for its refusal to comply with a consolidation  
36 recommendation or proposal by the commission.

37 (3) No municipality shall be subject to a reduction in its  
38 CMPTRA allocation if it approved a recommendation for the  
39 sharing of services and the failure to implement the  
40 recommendation was due to the action or inaction of the governing  
41 body or voters of another local unit.

42 (cf: P.L.2007, c.54, s.8)

43  
44 10. (New section) There is appropriated from the General Fund  
45 to the Department of Community Affairs such sums as may be  
46 necessary for the operating expenses of the Local Unit Alignment,  
47 Reorganization, and Consolidation Commission, subject to the



1 approval of the Director of the Division of Budget and Accounting  
2 in the Department of the Treasury.

3  
4 11. (New section) There is appropriated from the Property Tax  
5 Relief Fund to the Department of Community Affairs such sums for  
6 non-recurring costs that the Local Unit Alignment, Reorganization,  
7 and Consolidation Commission determines are necessary to fund  
8 extraordinary expenses of local units to implement consolidation  
9 plans and shared service agreements, subject to the approval of the  
10 Director of the Division of Budget and Accounting in the  
11 Department of the Treasury.

12  
13 12. (New section) The following sections are repealed:  
14 Section 8 of P.L.2007, c.63 (C.40A:65-8);  
15 Section 17 of P.L.2007, c.63 (C.40A:65-17);  
16 Section 19 of P.L.2007, c.63 (C.40A:65-19);  
17 Sections 16 through 18 of P.L.1975, c.329 (C.26:3A2-16 through  
18 26:3A2-18).

19  
20 13. This act shall take effect immediately.

## 21 22 STATEMENT

23  
24 This bill modifies the "Uniform Shared Services and  
25 Consolidation Act," sections 1 through 35 of  
26 P.L.2007, c.63 (C.40A:65-1 through C.40A:65-35), and the law  
27 governing the Local Unit Alignment, Reorganization and  
28 Consolidation Commission, P.L.2007, c.54 (C.52:27D-501 et seq.)  
29 to encourage and facilitate the provision of local and regional  
30 services through shared service agreements and joint meeting  
31 contracts.

32 The bill amends and supplements the "Uniform Shared Services  
33 and Consolidation Act" to expedite the resolution of disputes over  
34 Civil Service rules and tenure provisions, which are reportedly  
35 responsible for delaying the implementation of shared service  
36 agreements and joint contracts. The bill also makes a number of  
37 changes that affect employees of local units that enter into either a  
38 shared service agreement or a joint meeting.

39 Most notably, local units would no longer be required to provide  
40 employees terminated for reasons of economy and efficiency with a  
41 terminal leave payment; the Civil Service Commission would no  
42 longer be required to review employment reconciliation plans; and  
43 certain provisions of Title 11A, Civil Service, of the New Jersey  
44 Statutes, could be relaxed by the Civil Service Commission upon  
45 request by the parties to the agreement. The local unit providing  
46 the service would have to decide which employees would transfer  
47 from a recipient local unit, subject to the provisions of any existing  
48 collective bargaining agreements within the affected local units. To

1 that end, the bill would repeal certain provisions of the "Uniform  
2 Shared Services and Consolidation Act" that preserve the tenure  
3 rights of police officers.

4 Under current law, the Local Unit Alignment, Reorganization  
5 and Consolidation Commission (LUARCC) examines the  
6 consolidation of municipalities, the merger of autonomous agencies  
7 into their parent municipal or county government, and the sharing  
8 of services between municipalities or between municipalities and  
9 other public entities.

10 This bill clarifies LUARCC's powers to recommend the  
11 consolidation or merger of specific municipalities and autonomous  
12 agencies and the sharing of services between municipalities or  
13 between municipalities and other public entities. When considering  
14 a possible recommendation for consolidation or the sharing of  
15 services, the bill requires LUARCC to conduct at least five on-site  
16 consultation sessions in each local unit being studied, with the  
17 governing bodies, or their designees, and affected officials and  
18 other public entities under consideration for consolidation or the  
19 sharing of services. LUARCC would be required to include in every  
20 consolidation and shared services proposal an estimate of the  
21 savings that would result from the implementation of its  
22 recommendations. Once LUARCC recommends a sharing of  
23 services, it must hold a series of public hearings in each affected  
24 municipality. The State Treasurer would be required to certify  
25 LUARCC's basis for its fiscal analysis before LUARCC could  
26 submit a recommendation to a municipality. The municipality  
27 would then have the right to appeal LUARCC's estimate of savings  
28 resulting from a recommendation to the Commissioner of  
29 Community Affairs.

30 The bill provides that a LUARCC consolidation recommendation  
31 would not be binding on a municipality and there would be no  
32 penalty for failing to implement the consolidation. However, the  
33 bill requires a municipality to approve a LUARCC recommendation  
34 for the sharing of services within 14 months of the  
35 recommendation, and implement the proposal within 28 months. A  
36 municipality could approve the recommendation by adoption of a  
37 resolution or ordinance or by adoption by the voters of the local  
38 unit. The bill allows a municipality to adopt a resolution or  
39 ordinance approving the recommendation subject to voter approval.

40 If a municipality does not approve a LUARCC recommendation  
41 for the sharing of services, or does not make a good faith attempt to  
42 implement the recommendation within the required timeframes, it  
43 would be subject to a loss of State aid equal to LUARCC's  
44 estimated cost savings for implementing the recommendation. A  
45 municipality would not be subject to a reduction in State aid if it  
46 approved a recommendation for the sharing of services and the  
47 failure to implement the recommendation was due to the action or  
48 inaction of the governing body or voters of another local unit.