

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### SENATE, No. 1

# STATE OF NEW JERSEY

DATED: NOVEMBER 9, 2020

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 1.

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

With respect to the "Uniform Shared Services and Consolidation Act" modifications, the bill would:

- provide that local units are no longer required to provide employees terminated for reasons of economy and efficiency with a terminal leave payment;
- provide that the Civil Service Commission is no longer required to review employment reconciliation plans;
- allow for certain civil service provisions to be relaxed by the Civil Service Commission upon request by the parties to a shared service agreement or joint contract, under certain circumstances, in order to facilitate the transfer of employees between local units;
- empower the local unit providing a shared service with authority to decide which employees would transfer from a recipient local unit, subject to the provisions of any existing collective negotiation agreements within the affected local units;
- require mediation, and if unsuccessful binding arbitration, with respect to any conflicts that arise between collective bargaining agreements and employment decisions made as part of a shared services agreement or joint contract;
- repeal sections of law granting terminal leave payments and tenure rights to certain local employees;
- authorize the Public Employment Relations Commission to provide technical advice and mediation services to help resolve disputes over the representation of employees in a merged bargaining unit pursuant to the formation of a joint meeting;

- require management committees of joint meetings to submit budgets to the Division of Local Government Services in the Department of Community Affairs for approval; and
- allow for a stratified layoff process if one or more of the local units that are parties to a shared service agreement or joint contract have adopted Civil Service, through which they would assign current employees of the local units to one of three employee bands: executive, managerial, or non-managerial.

With respect to the law governing LUARCC, the bill would:

- require LUARCC to first focus its studies on local units that have neither participated in a shared service agreement nor engaged in shared service studies or negotiations before studying a local unit that participates in a shared service agreement;
- require LUARCC, when considering a possible recommendation for consolidation or the sharing of services, to conduct at least five on-site consultation sessions in each local unit being studied, with the governing bodies, or their designees, and affected officials and other public entities under consideration for consolidation or the sharing of services;
- require LUARCC to include in every consolidation and shared service proposal an estimate of the savings that would result from the implementation of its recommendations. The State Treasurer would be required to certify LUARCC's basis for its fiscal analysis before LUARCC could submit a recommendation to a municipality. The municipality would then have the right to appeal LUARCC's estimate of savings resulting from a recommendation to the Commissioner of Community Affairs;
- require LUARCC to hold at least two public hearings in each affected municipality if it recommends a sharing of services;
- provide that a LUARCC consolidation recommendation would no longer have to go before the voters of a municipality;
- require a municipality to approve a LUARCC recommendation for the sharing of services within 14 months of the recommendation, and implement the proposal within 28 months. A local unit could approve the recommendation by adoption of a resolution or ordinance or by adoption by the voters of the local unit. A municipality may adopt a resolution or ordinance approving the recommendation subject to voter approval;

- provide that a municipality would be subject to a loss of State aid equal to LUARCC's estimated cost savings for implementing the recommendation if it does not approve a LUARCC recommendation for the sharing of services, or does not make a good faith attempt to implement the recommendation within the required timeframes;
- clarify that a municipality would not be subject to a reduction in State aid if it approved a recommendation for the sharing of services and the failure to implement the recommendation was due to the action or inaction of the governing body or voters of another local unit;
- clarify that there would be no penalty for failing to implement a LUARCC recommended consolidation; and
- provide appropriations to cover the costs of LUARCC operations and to cover extraordinary expenses of local units needed to implement a LUARCC-proposed consolidation plan or shared service agreement.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.