

SENATE, No. 919

STATE OF NEW JERSEY

INTRODUCED MARCH 14, 1996

By Senator HAINES

1 AN ACT concerning the duration of certain public contracts and
2 supplementing chapter 11 of Title 40A of the New Jersey Statutes.

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

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7 1. A contracting unit may enter into a contract as a participant in
8 a cooperative pricing system established pursuant to paragraph (5) of
9 section 11 of P.L.1971, c.198 (C.40A:11-11) with a board of
10 education, for materials, supplies or services that are not listed in
11 section 15 of P.L.1971, c.198 (C.40A:11-15) and that are required on
12 a recurring basis from year to year, for any term not exceeding in the
13 aggregate, two years. Such contract may be renewed on an annualized
14 basis for a period not exceeding three additional years without any
15 further solicitation for bids or bidding upon a finding by the
16 contracting unit that the services are being performed in an effective
17 and efficient manner, or that the materials and supplies continue to
18 meet the original specifications. If a contracting unit elects to renew
19 an existing contract, the terms and conditions of the existing contract
20 shall remain substantially unchanged and any increase in the annualized
21 contract cost over the three-year period shall be no greater than a total
22 of 20% over the initial annualized cost of the contract.

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24 2. This act shall take effect immediately.

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STATEMENT

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29 This bill authorizes a local contracting unit to enter into a contract
30 as a participant in a cooperative pricing system established pursuant to
31 paragraph (5) of section 11 of P.L.1971, c.198 (C.40A:11-11) with a
32 board of education, for materials, supplies or services that are not
33 listed in section 15 of P.L.1971, c.198 (C.40A:11-15) and that are
34 required on a recurring basis from year to year, for any term not
35 exceeding in the aggregate, two years. The bill also provides that such
36 a contract may be renewed yearly for a period not exceeding three
37 additional years without any further solicitation for bids or bidding

1 upon a finding by the contracting unit that the services are being
2 performed in an effective and efficient manner, or that the materials
3 and supplies continue to meet the original specifications. The bill
4 requires that if a contracting unit elects to renew an existing contract,
5 the terms and conditions of the existing contract must remain
6 substantially unchanged and any increase in the annualized contract
7 cost over the three year period must be no greater than a total of 20%
8 over the initial annualized cost of the contract.

9 The provisions of this bill are similar to an existing exception to the
10 duration of certain contracts under the "Public School Contracts Law,"
11 N.J.S.18A:18A-1 et seq.). It is the intent of the sponsors that the
12 insertion of the similar language in the "Local Public Contracts Law"
13 will permit local contracting units to join together with school districts
14 in the purchase of materials, supplies and services required on a
15 recurring basis from year to year, and will allow local contracting units
16 to benefit from the ability to renew such contracts yearly for a period
17 not exceeding three additional years without any further solicitation
18 for bids or bidding upon a finding that the services are being
19 performed in an effective and efficient manner, or that the materials
20 and supplies continue to meet the original specifications. The
21 provisions of this bill are intended to save local contracting units time
22 and money, allowing for the provision of goods and services to the
23 taxpaying public at the lowest possible cost.

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28 Permits extension of certain public contracts without public bidding
29 under certain circumstances.