

SENATE, No. 1

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator VIN GOPAL

District 11 (Monmouth)

Co-Sponsored by:

Senators Singer and Oroho

SYNOPSIS

Encourages sharing of services; makes appropriations.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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 five counties of the State
40 which embody urban, suburban, and rural characteristics to study
41 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.2013, c.166, 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 contract
41 affects employees in local units subject to Title 11A, Civil Service,
42 of the New Jersey Statutes, **[an** employment reconciliation plan
43 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 require
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 shall
12 hire employees until the pool is exhausted. This expedited
13 designation of a person as a civil service employee for the purpose
14 of creating a uniform employee pool, without regard to the normal
15 processes, including testing and employment lists, shall provide
16 employees so designated with civil service rights.

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

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

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

47 (5) when an employee of a jurisdiction that has not adopted
48 Title 11A, Civil Service, of the New Jersey Statutes, is transferred

1 and given a civil service job title pursuant to a shared service
2 agreement or joint contract, then upon termination of the agreement
3 or contract that employee shall remain subject to the provisions of
4 Title 11A, Civil Service, of the New Jersey Statutes.

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

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

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

1 provided, however, that they may be laid-off in accordance with the
2 provisions of N.J.S.11A:8-1 et seq., and the regulations
3 promulgated thereunder.】

4 (b) If the local unit that will provide the service is not subject to
5 the provisions of Title 11A, Civil Service, of the New Jersey
6 Statutes, but the local unit that will receive the service is subject to
7 that Title, and some or all employees of the recipient local unit are
8 to be transferred to the providing local unit, any civil service rules
9 incorporated by reference into a collective negotiation agreement
10 applicable to the employees of the recipient local unit shall continue
11 to apply to the transferred employees until the expiration of the
12 collective negotiation agreement.

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

27 (3) [Once] Except as otherwise provided in subparagraph (b) of
28 paragraph (1) of this subsection, once transferred, [they will] an
29 employee shall be subject to any collective bargaining agreements,
30 employment contracts, personnel policies, and provisions that exist
31 for the new [entity] employer. The final decision of which
32 employees shall transfer to the new employer is vested solely with
33 the local unit that will provide the service [and subject to the
34 provisions of any existing collective bargaining agreements within
35 the local units], subject to the provisions of any existing collective
36 bargaining agreements within the affected local units. In the event
37 of any conflict in the operation of collective bargaining agreements
38 of the affected local units as it pertains to such employment
39 decisions, the dispute shall be settled by the parties using mediation
40 or, if that is unsuccessful, by binding arbitration.

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

42

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

45 18. a. When a joint meeting merges bargaining units that have
46 current contracts negotiated in accordance with the provisions of
47 the "New Jersey Employer-Employee Relations Act," P.L.1941,

1 c.100 (C.34:13A-1 et seq.), **【the】** terms and conditions of the
2 existing contracts shall apply to the rights of the members of the
3 respective bargaining units until a new contract is negotiated,
4 reduced to writing, and signed by the parties as provided pursuant
5 to law and regulation promulgated thereunder.

6 b. The Public Employment Relations Commission is
7 specifically authorized to provide technical advice, pursuant to
8 section 12 of P.L.1968, c.303 (C.34:13A-8.3), and mediation
9 services to integrate separate labor agreements into single
10 agreements for the joint contract. The commission may order
11 binding arbitration, pursuant to P.L.1995, c.425 (C.34:13A-14a et
12 al.), to integrate any labor agreement.

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

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

29

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

32 22. a. The management committee shall comply with the
33 requirements of sections 10 and 11 of P.L.1983, c.313 (C.40A:5A-
34 10 and C.40A:5A-11) regarding the submission and approval of an
35 annual budget to the Director of the Division of Local Government
36 Services in the Department of Community Affairs, or to the
37 Commissioner of Education, as appropriate.

38 b. The management committee, not later than November 1 of
39 each year, shall certify to the participating local units the total costs
40 and expenses of operation, other than acquisition and construction
41 costs, of the services, public improvements, works, facilities, or
42 undertakings for the ensuing year, in accordance with the terms and
43 provisions of the joint contract, together with an apportionment of
44 the costs and expenses of operation among the participating local
45 units in accordance with the method of apportionment provided in
46 the joint contract. It shall be the duty of each participating local
47 unit to include its apportioned share of such costs and expenses of
48 operation in its annual budget, and to pay over to the management

1 committee its apportioned share as provided in the joint contract.
2 Operations under the budget and related matters shall be subject to
3 and in accordance with rules of the Local Finance Board or the
4 Commissioner of Education, as appropriate. The Local Finance
5 Board shall be responsible for the determination of the appropriate
6 rule-making authority with regard to each joint contract. For the
7 first year of operation under the joint contract, a participating local
8 unit may adopt a supplemental or emergency appropriation for the
9 purpose of paying its apportioned share of the costs and expenses of
10 operation, if provision therefor has not been made in the annual
11 budget.

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

13

14 5. (New section) At any time prior to the execution of a shared
15 service agreement or joint contract, if one or more of the local units
16 that are the potential parties to the agreement or contract have
17 adopted Title 11A, Civil Service, of the New Jersey Statutes, the
18 potential parties may submit to the Civil Service Commission an
19 application to employ a stratified layoff process. The application
20 shall assign current employees of the local units to one of three
21 employee bands: executive, managerial, or non-managerial.

22 At the time that the potential parties to a shared service
23 agreement or joint contract submit an application to employ a
24 stratified layoff process to the Civil Service Commission, the
25 parties shall transmit a copy of the application to applicable
26 collective bargaining representatives. Within 15 days after receipt
27 of a copy of an application to employ a stratified layoff process,
28 collective bargaining representatives may submit additional
29 information to the commission for its consideration.

30 The Civil Service Commission shall review assignments and
31 classifications set forth on the application, and any additional
32 information submitted by collective bargaining representatives, and
33 approve an application to employ a stratified layoff process if the
34 application assigns each employee to the proper band.

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

37 executive band: job titles in local government with managerial
38 responsibilities equivalent to a Division Director or higher in the
39 State Career Service;

40 managerial band: job titles in local government with managerial
41 responsibilities equivalent to an Assistant Director or Bureau Chief
42 in the State Career Service and that supervise second level
43 supervisors;

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

46 For the purposes of this section, "stratified layoff process" means
47 a layoff plan and procedure designed to allow employees within a
48 given employee band to invoke seniority in the event of layoffs but

1 to prohibit employees assigned to one band from invoking seniority
2 rights over an employee assigned to another band. This stratified
3 layoff process is intended to be used only in the implementation of
4 a shared service agreement or joint contract. Within an employee
5 band, employees shall retain and be entitled to exercise all seniority
6 and layoff rights that they have under Civil Service law and
7 regulations and under any applicable collective bargaining
8 agreements.

9

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

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

24 (2) The commission shall recommend legislative changes which
25 would encourage the more efficient operation of local government.
26 These changes may include the structural and administrative
27 streamlining of county and municipal government functions,
28 including but not limited to, the transfer of functions from one level
29 of government to another, and the use or establishment of regional
30 service delivery entities.

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

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

43 b. Based on its findings pursuant to paragraph (3) of subsection
44 a. of this section, the commission shall develop criteria to serve as
45 the basis; for recommending the consolidation of specific
46 municipalities **[,]** and the merger of specific existing autonomous
47 agencies into the parent municipal or county government, **[or]** and
48 for recommending the sharing of services between municipalities or

1 between municipalities and other public entities, including but not
2 limited to counties, fire districts, school districts, and regional
3 school districts. **【Recommendations for sharing services may result**
4 **from a study focusing exclusively on the sharing of services or may**
5 **result from a study examining potential consolidation.**
6 **Municipalities to be considered for consolidation shall be within the**
7 **same county and shall also be situated within the same legislative**
8 **district.】**

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

11 (1) a consideration of geographic factors, such as a shared
12 boundary, or in the case of the recommended consolidation of more
13 than two local units, that the consolidated local unit will have a
14 contiguous boundary;

15 (2) an analysis of the economic costs and benefits of
16 consolidation or the sharing of services, as the case may be,
17 including potential tax savings and reductions in government costs
18 through economies of scale;

19 (3) measures to ensure that costs and benefits of consolidation
20 or service sharing are distributed equitably across the entire
21 community; and

22 (4) measures to safeguard the interests of communities in the
23 municipalities for which consolidation or sharing of services is
24 recommended, including the impact of a recommended
25 consolidation or sharing of services on the ability of the public
26 entity to comply with applicable State and federal laws and
27 regulations and on the overall quality and efficient delivery of those
28 services.

29 The commission shall **【give priority to】** first focus its studies on
30 local units that 【volunteer to be studied】 neither participate in a
31 shared service agreement nor have undertaken independent shared
32 services studies or negotiations before it studies any local units that
33 participate in a shared service agreement.

34 When the commission's study is one that could potentially serve
35 as the basis for a recommendation that, if not acted upon, could
36 result in a reduction of State aid pursuant to subsection f. of section
37 8 of P.L.2007, c.54 (C.52:27D-508), then the recommended model,
38 (1) must be projected to be capable of maintaining the same level of
39 service or improving the services provided by the participating
40 municipalities; and (2) must project either a meaningful savings or a
41 slowed rate of growth of costs to result over a reasonable period of
42 time.

43 The commission shall not engage in a study involving a
44 municipality that could potentially serve as the basis for a
45 recommendation that, if not acted upon, could result in a reduction
46 of State aid pursuant to subsection f. of section 8 of P.L.2007, c.54
47 (C.52:27D-508) if that municipality demonstrates that it is already
48 sharing services with another local unit, unless the commission

1 affirmatively demonstrates that it has already studied all
2 municipalities in the State that are not engaged in sharing services
3 with other local units.

4 c. (1) (a) Based upon criteria developed pursuant to subsection
5 b. of this section and in consultation with the local units that are
6 being studied, the commission shall undertake studies to examine
7 the sharing of services between specific municipalities or between
8 municipalities and other public entities. The commission also may
9 undertake studies to examine the consolidation potential for specific
10 municipalities, but such studies or recommendations shall not be
11 subject to potential reductions in State aid pursuant to subsection f.
12 of section 8 of P.L.2007, c.54 (C.52:27D-508).

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

21 (c) Each consolidation proposal or shared services proposal
22 shall:

23 (i) detail the current delivery service being considered for the
24 shared service proposal, including personnel, equipment, and cost;
25 and

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

28 (iii) include an estimate of the total net savings that will result
29 from implementation of the proposed consolidation or sharing of
30 services; and

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

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

35 (vi) include any other pertinent information.

36 (d) The commission shall provide written notice of a
37 recommendation, including any economic analysis, made pursuant
38 to this subsection to the governing body of each local unit that is the
39 subject of the recommendation, together with documentation
40 supporting the commission's recommendation.

41 (e) A local unit may request the commission to undertake a
42 study to examine the local unit's potential for consolidation or the
43 sharing of services. A county may request the commission to
44 undertake a study to examine the county's potential for providing
45 specific shared services to constituent municipalities, however, no
46 county shall be included in a study that could potentially serve as
47 the basis for a recommendation that, if not acted upon, could result
48 in a reduction of State aid to a municipality pursuant to subsection

1 f. of section 8 of P.L.2007, c.54 (C.52:27D-508) unless the request
2 to undertake the study is agreed to by the governing bodies of the
3 affected municipalities through the adoption of resolutions stating
4 support.

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

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

40 (ii) A municipality may contest the total net savings estimate
41 contained in the commission's proposal by appeal to the
42 Commissioner of Community Affairs within 30 days of receipt of
43 the recommendation. The commissioner shall have 15 business
44 days to review the analysis and the challenge in order to determine
45 whether the analysis should be adjusted. The commissioner may
46 extend the review time for the appeal if the commissioner deems a
47 hearing is necessary.

1 (2) When a municipal consolidation is recommended by the
2 commission, the commission shall substitute for a joint municipal
3 consolidation study commission that would be formed pursuant to
4 section 7 of the "Municipal Consolidation Act," P.L.1977, c.435
5 (C.40:43-66.41) or any other statute governing municipal
6 consolidation, and no voter approval shall be required to create the
7 study commission. The commission shall be present at one or more
8 of the public hearings required pursuant to subsection d. of section
9 25 of P.L.2007, c.63 (C.40A:65-25).

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

21 d. When a consolidation or shared service is recommended by
22 the commission, the commission shall recommend State funding for
23 any extraordinary expenses necessitated by the consolidation plan
24 or shared service agreement. The commission shall recommend
25 that this funding be provided either by funds made available to the
26 commission for that purpose or by the Legislature or State
27 Treasurer as part of the annual State budget process.

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

29

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

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

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

1 b. The commission may request, and shall be entitled to, the
2 cooperation of the officials and employees of every county and
3 municipality, as it may require.

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

7 d. The commission may contract for the services of
8 professional, technical, and operational personnel and consultants
9 as it may determine are necessary to perform its duties, within the
10 limits of funds available to it for its purposes.

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

12
13 8. Section 7 of P.L.2007, c.54 (C.52:27D-507) is amended to
14 read as follows:

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

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

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

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

42
43 9. Section 8 of P.L.2007, c.54 (C.52:27D-508) is amended to
44 read as follows:

45 8. a. **【Upon】** If a local unit receives a recommendation for the
46 sharing of services from the commission together with the **【taking**
47 **effect of a consolidation or shared services proposal】** State

1 Treasurer's certification of the recommendation, pursuant to
2 **【subsection b. of】** section **【7】** 5 of P.L.2007, c.54 **【(C.52:27D-**
3 **507)】** (C.52:27D-505), **【each recommendation included therein**
4 **shall be put before the affected voters at the next general election**
5 **and shall become effective only upon its】** the local unit shall
6 approve the recommendation within 14 months of the date of the
7 notice or be subject to a reduction of State aid in accordance with
8 subsection f. of this section. A local unit may approve a
9 recommendation for the sharing of services by adoption of a
10 resolution or ordinance or by adoption by a majority of the voters of
11 **【each affected municipality】** the local unit.

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

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

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

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

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

32 "Shall (insert the services to be shared) be jointly undertaken
33 between (insert the names of the entities between which sharing is
34 to occur)? The State's Local Unit Alignment, Reorganization, and
35 Consolidation Commission proposes this "sharing of services" and
36 estimates that it can save \$ (insert estimate of savings included in
37 the proposal pursuant to subsection c. of section 5 of P.L.2007, c.54
38 (C.52:27D-505)). This proposed sharing of service will (insert
39 "reduce," "increase," "not change," or "slow the rate of growth of")
40 the level of service currently provided by (insert the name of the
41 entity) according to the State's recommendation. This estimated
42 savings will result, on average, of a savings of \$ (insert savings per
43 property taxpayer based on averaged assessed property) per
44 property tax bill of the averaged assessed property of \$ (insert the
45 averaged assessed property). The (insert name of entity) (insert
46 "supports" or "opposes") this proposed shared service for the
47 following reason(s) (insert the one or more reasons). If a majority

1 of the voters vote "No", the State shall reduce "State Aid" to your
2 municipality by that amount each year." The reduction of State aid
3 may result in an increase in the property tax levy.

4 c. 【The consolidation of pairs or groups of local units
5 recommended for consolidation under subsection a. of this section
6 shall be accomplished within 14】 Local units that are the subject of
7 a recommendation for the sharing of services shall implement the
8 recommendation within 28 months following the 【voter approval】
9 date of the 【consolidation recommendation】 notice of the
10 commission recommendation.

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

14 (2) The adoption of a form of government, the election of
15 officers, the apportionment of debts, and other issues between pairs
16 or groups of municipalities 【required】 that choose to consolidate
17 pursuant to 【an approved】 a consolidation 【recommendation under
18 subsection c. of this section】 proposal shall be determined by the
19 commission, as far as practicable, in accordance with the
20 procedures set forth in the "Municipal Consolidation Act,"
21 P.L.1977, c.435 (C.40:43-66.35 et al.) or any other statute
22 governing municipal consolidation.

23 e. For a period of 10 years 【from the】 following
24 implementation of an approved consolidation 【of a pair or group of
25 municipalities pursuant to a consolidation recommendation
26 approved under subsection c. of this section】 proposal, and
27 notwithstanding any law to the contrary, the residents of 【those
28 municipalities】 the consolidated municipality, or portions thereof,
29 shall not have the right to secede to form a new municipality, or to
30 consolidate with, or annex themselves to, any other municipality.

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

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

45 (3) No municipality shall be subject to a reduction in its
46 CMPTRA allocation if it approved a recommendation for the
47 sharing of services and the failure to implement the

1 recommendation was due to the action or inaction of the governing
2 body or voters of another local unit.

3 (cf: P.L.2007, c.54, s.8)
4

5 10. (New section) There is appropriated from the General Fund
6 to the Department of Community Affairs such sums as may be
7 necessary for the operating expenses of the Local Unit Alignment,
8 Reorganization, and Consolidation Commission, subject to the
9 approval of the Director of the Division of Budget and Accounting
10 in the Department of the Treasury.

11
12 11. (New section) There is appropriated from the Property Tax
13 Relief Fund to the Department of Community Affairs such sums for
14 non-recurring costs that the Local Unit Alignment, Reorganization,
15 and Consolidation Commission determines are necessary to fund
16 extraordinary expenses of local units to implement consolidation
17 plans and shared service agreements, subject to the approval of the
18 Director of the Division of Budget and Accounting in the
19 Department of the Treasury.

20
21 12. (New section) The following sections are repealed:
22 Section 8 of P.L.2007, c.63 (C.40A:65-8);
23 Section 17 of P.L.2007, c.63 (C.40A:65-17);
24 Section 19 of P.L.2007, c.63 (C.40A:65-19);
25 Sections 16 through 18 of P.L.1975, c.329 (C.26:3A2-16 through
26 26:3A2-18).

27
28 13. This act shall take effect immediately.
29

30

31

STATEMENT

32

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

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

- 42 • provide that local units are no longer required to provide
43 employees terminated for reasons of economy and
44 efficiency with a terminal leave payment;
- 45 • provide that the Civil Service Commission is no longer
46 required to review employment reconciliation plans;
- 47 • allow for certain civil service provisions to be relaxed by
48 the Civil Service Commission upon request by the parties

- 1 to a shared service agreement or joint contract, under
2 certain circumstances, in order to facilitate the transfer of
3 employees between local units;
- 4 • empower the local unit providing a shared service with
5 authority to decide which employees would transfer from a
6 recipient local unit, subject to the provisions of any existing
7 collective negotiation agreements within the affected local
8 units;
 - 9 • require mediation, and if unsuccessful binding arbitration,
10 with respect to any conflicts that arise between collective
11 bargaining agreements and employment decisions made as
12 part of a shared services agreement or joint contract;
 - 13 • repeal sections of law granting terminal leave payments and
14 tenure rights to certain local employees;
 - 15 • authorize the Public Employment Relations Commission to
16 provide technical advice and mediation services to help
17 resolve disputes over the representation of employees in a
18 merged bargaining unit pursuant to the formation of a joint
19 meeting;
 - 20 • require management committees of joint meetings to
21 submit budgets to the Division of Local Government
22 Services in the Department of Community Affairs for
23 approval; and
 - 24 • allow for a stratified layoff process if one or more of the
25 local units that are parties to a shared service agreement or
26 joint contract have adopted Civil Service, through which
27 they would assign current employees of the local units to
28 one of three employee bands: executive, managerial, or
29 non-managerial.
- 30 With respect to the law governing LUARCC, the bill would:
- 31 • require LUARCC to first focus its studies on local units
32 that have neither participated in a shared service agreement
33 nor engaged in shared service studies or negotiations before
34 studying a local unit that participates in a shared service
35 agreement;
 - 36 • require LUARCC, when considering a possible
37 recommendation for consolidation or the sharing of
38 services, to conduct at least five on-site consultation
39 sessions in each local unit being studied, with the
40 governing bodies, or their designees, and affected officials
41 and other public entities under consideration for
42 consolidation or the sharing of services;
 - 43 • require LUARCC to include in every consolidation and
44 shared service proposal an estimate of the savings that
45 would result from the implementation of its
46 recommendations. The State Treasurer would be required
47 to certify LUARCC's basis for its fiscal analysis before

- 1 LUARCC could submit a recommendation to a
2 municipality. The municipality would then have the right
3 to appeal LUARCC's estimate of savings resulting from a
4 recommendation to the Commissioner of Community
5 Affairs;
- 6 • require LUARCC to hold at least two public hearings in
7 each affected municipality if it recommends a sharing of
8 services;
 - 9 • provide that a LUARCC consolidation recommendation
10 would no longer have to go before the voters of a
11 municipality;
 - 12 • require a municipality to approve a LUARCC
13 recommendation for the sharing of services within 14
14 months of the recommendation, and implement the
15 proposal within 28 months. A local unit could approve the
16 recommendation by adoption of a resolution or ordinance
17 or by adoption by the voters of the local unit. A
18 municipality may adopt a resolution or ordinance
19 approving the recommendation subject to voter approval;
 - 20 • provide that a municipality would be subject to a loss of
21 State aid equal to LUARCC's estimated cost savings for
22 implementing the recommendation if it does not approve a
23 LUARCC recommendation for the sharing of services, or
24 does not make a good faith attempt to implement the
25 recommendation within the required timeframes;
 - 26 • clarify that a municipality would not be subject to a
27 reduction in State aid if it approved a recommendation for
28 the sharing of services and the failure to implement the
29 recommendation was due to the action or inaction of the
30 governing body or voters of another local unit;
 - 31 • clarify that there would be no penalty for failing to
32 implement a LUARCC recommended consolidation; and
 - 33 • provide appropriations to cover the costs of LUARCC
34 operations and to cover extraordinary expenses of local
35 units needed to implement a LUARCC-proposed
36 consolidation plan or shared service agreement.