SENATE, No. 3247



STATE OF NEW JERSEY

220th LEGISLATURE



INTRODUCED OCTOBER 27, 2022

Sponsored by:

Senator ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Senator LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

SYNOPSIS

Revises various provisions of law governing construction of school facilities projects and operations of New Jersey Schools Development Authority.

CURRENT VERSION OF TEXT

As introduced.



An Act concerning the construction of school facilities projects, supplementing P.L.2000, c.72 (C.18A:7G-1 et al.) and chapter 18A of Title 18A of the New Jersey Statutes, and amending various parts of the statutory law.

Be It Enacted by the Senate and General Assembly of the State of New Jersey:

1. Section 3 of P.L.2000, c.72 (C.18A:7G-3) is amended to read as follows:

3. As used in sections 1 through 30 and 57 through 71 of P.L.2000, c.72 (C.18A:7G-1 et al.) and sections 14 through 17 of P.L.2007, c.137 (C.18A:7G-45 through C.18A:7G-48), unless the context clearly requires a different meaning:

"Area cost allowance" means $138 per square foot for the school year 2000-2001 and shall be inflated by an appropriate cost index for the 2001-2002 school year. For the 2002-2003 school year and subsequent school years, the area cost allowance shall be established by the commissioner pursuant to subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4). The area cost allowance used in determining preliminary eligible costs of school facilities projects shall be that of the year of application for approval of the project;

"Capital maintenance project" means a school facilities project intended to extend the useful life of a school facility, including up-grades and replacements of building systems, such as structure, enclosure, mechanical, plumbing and electrical systems;

“Charter school” means a school established pursuant to P.L.1995, c.426 (C.18A:36A-1 et seq.);

"Commissioner" means the Commissioner of Education;

"Core curriculum content standards" means the standards established pursuant to the provisions of subsection a. of section 4 of P.L.2007, c.260 (C.18A:7F-46);

"Cost index" means the average annual increase, expressed as a decimal, in actual construction cost factors for the New York City and Philadelphia areas during the second fiscal year preceding the budget year as determined pursuant to regulations promulgated by the development authority pursuant to section 26 of P.L.2000, c.72 (C.18A:7G-26);

"Debt service" means and includes payments of principal and interest upon school bonds issued to finance the acquisition of school sites and the purchase or construction of school facilities, additions to school facilities, or the reconstruction, remodeling, alteration, modernization, renovation or repair of school facilities, including furnishings, equipment, architect fees and the costs of issuance of such obligations and shall include payments of principal

and interest upon school bonds heretofore issued to fund or refund such obligations, and upon municipal bonds and other obligations which the commissioner approves as having been issued for such purposes. Debt service pursuant to the provisions of P.L.1978, c.74 (C.18A:58-33.22 et seq.), P.L.1971, c.10 (C.18A:58-33.6 et seq.) and P.L.1968, c.177 (C.18A:58-33.2 et seq.) is excluded;

"Demonstration project" means a school facilities project selected by the State Treasurer for construction by a redevelopment entity pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6);

"Development authority" means the New Jersey Schools Development Authority established pursuant to section 3 of P.L.2007, c.137 (C.52:18A-237);

"District" means a local or regional school district established pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey Statutes, a county special services school district established pursuant to article 8 of chapter 46 of Title 18A of the New Jersey Statutes, a county vocational school district established pursuant to article 3 of chapter 54 of Title 18A of the New Jersey Statutes, and a district under full State intervention pursuant to P.L.1987, c.399 (C.18A:7A-34 et al.);

"District aid percentage" means the number expressed as a percentage derived from dividing the district's equalization aid calculated pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53) as of the date of the commissioner's determination of preliminary eligible costs by the district's adequacy budget calculated pursuant to section 9 of P.L.2007, c.260 (C.18A:7F-51) as of the date of the commissioner's determination of preliminary eligible costs;

"Excess costs" means the additional costs, if any, which shall be borne by the district, of a school facilities project which result from design factors that are not required to meet the facilities efficiency standards and not approved pursuant to paragraph (1) of subsection g. of section 5 of P.L.2000, c.72 (C.18A:7G-5) or are not authorized as community design features included in final eligible costs pursuant to subsection c. of section 6 of P.L.2000, c.72 (C.18A:7G-6);

"Facilities efficiency standards" means the standards developed by the commissioner pursuant to subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4);

"Final eligible costs" means for school facilities projects to be constructed by the development authority, the final eligible costs of the school facilities project as determined by the commissioner, in consultation with the development authority, pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5); for demonstration projects, the final eligible costs of the project as determined by the commissioner and reviewed by the development authority which may include the cost of community design features determined by the commissioner to be an integral part of the school facility and which do not exceed the facilities efficiency standards, and which were reviewed by the development authority and approved by the State Treasurer pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6); **[**and**]** for districts other than SDA districts, final eligible costs as determined pursuant to paragraph (1) of subsection h. of section 5 of P.L.2000, c.72 (C.18A:7G-5) ; for school facilities projects of charter schools and renaissance school projects located in SDA districts, final eligible costs as determined pursuant to subsection c. of section 4 of P.L. , c. (C. ) (pending before the Legislature as this bill);

"Financing authority" means the New Jersey Economic Development Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.);

"FTE" means a full-time equivalent student which shall be calculated as follows: each student in grades 1 through 12 shall be counted at **[**100%**]** 100 percent of the actual count of students, in the case of districts which operate a half-day kindergarten program each kindergarten student shall be counted at **[**50%**]** 50 percent of the actual count of kindergarten students, in the case of districts which operate a full-day kindergarten program or which currently operate a half-day kindergarten program but propose to build facilities to house a full-day kindergarten program each kindergarten student shall be counted at **[**100%**]** 100 percent of the actual count of kindergarten students, and each preschool student who is enrolled in a full-day preschool program pursuant to section 12 of P.L.2007, c.260 (C.18A:7F-54) shall be counted at **[**100%**]** 100 percent of the actual count of preschool students. In addition, each preschool disabled child who is entitled to receive a full-time program pursuant to N.J.S.18A:46-6 shall be counted at **[**100%**]** 100 percent of the actual count of these students in the district;

"Functional capacity" means the number of students that can be housed in a building in order to have sufficient space for it to be educationally adequate for the delivery of programs and services necessary for student achievement of the core curriculum content standards. Functional capacity is determined by dividing the existing gross square footage of a school building by the minimum area allowance per FTE student pursuant to subsection b. of section 8 of P.L.2000, c.72 (C.18A:7G-8) for the grade level students contained therein. The difference between the projected enrollment determined pursuant to subsection a. of section 8 of P.L.2000, c.72 (C.18A:7G-8) and the functional capacity is the unhoused students that are the basis upon which the additional costs of space to provide educationally adequate facilities for the entire projected enrollment are determined. The existing gross square footage for the purposes of defining functional capacity is exclusive of existing spaces that are not contained in the facilities efficiency standards but which are used to deliver programs and services aligned to the core curriculum content standards, used to provide support services directly to students, or other existing spaces that the district can demonstrate would be structurally or fiscally impractical to convert to other uses contained in the facilities efficiency standards;

"Lease purchase payment" means and includes payment of principal and interest for lease purchase agreements in excess of five years approved pursuant to subsection (f) of N.J.S.18A:20-4.2 prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) to finance the purchase or construction of school facilities, additions to school facilities, or the reconstruction, remodeling, alteration, modernization, renovation or repair of school facilities, including furnishings, equipment, architect fees and issuance costs. Approved lease purchase agreements in excess of five years shall be accorded the same accounting treatment as school bonds;

"Local share" means, in the case of a school facilities project to be constructed by the development authority, the total costs less the State share as determined pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5); in the case of a demonstration project, the total costs less the State share as determined pursuant to sections 5 and 6 of P.L.2000, c.72 (C.18A:7G-5 and C.18A:7G-6); and in the case of a school facilities project which shall be financed pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15), the total costs less the State share as determined pursuant to that section;

"Local unit" means a county, municipality, board of education or any other political subdivision or instrumentality authorized to construct, operate and maintain a school facilities project and to borrow money for those purposes pursuant to law;

"Local unit obligations" means bonds, notes, refunding bonds, refunding notes, lease obligations and all other obligations of a local unit which are issued or entered into for the purpose of paying for all or a portion of the costs of a school facilities project, including moneys payable to the development authority;

"Long-range facilities plan" means the plan required to be submitted to the commissioner by a district pursuant to section 4 of P.L.2000, c.72 (C.18A:7G-4);

"Maintenance" means expenditures which are approved for repairs and replacements for the purpose of keeping a school facility open and safe for use or in its original condition, including repairs and replacements to a school facility's heating, lighting, ventilation, security and other fixtures to keep the facility or fixtures in effective working condition. Maintenance shall not include capital maintenance or contracted custodial or janitorial services, expenditures for the cleaning of a school facility or its fixtures, the care and upkeep of grounds or parking lots, and the cleaning of, or repairs and replacements to, movable furnishings or equipment, or other expenditures which are not required to maintain the original condition over the school facility's useful life. Approved maintenance expenditures shall be as determined by the commissioner pursuant to regulations to be adopted by the commissioner pursuant to section 26 of P.L.2000, c.72 (C.18A:7G-26);

"Model school design" means the design standards developed by the development authority pursuant to paragraph (2) of subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4);

"Other allowable costs" means the costs of temporary facilities, site development, acquisition of land or other real property interests necessary to effectuate the school facilities project, fees for the services of design professionals, including architects, engineers, construction managers and other design professionals, legal fees, financing costs and the administrative costs of the development authority and the financing authority or the district, charter school, or renaissance school project incurred in connection with the school facilities project;

"Other facilities" means athletic stadiums, swimming pools, ice rinks, any associated structures or related equipment tied to such facilities including, but not limited to, grandstands and night field lights, greenhouses, facilities used for non-instructional or non-educational purposes, and any structure, building, or facility used solely for school administration;

"Preliminary eligible costs" means the initial eligible costs of a school facilities project as calculated pursuant to the formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7) or as otherwise provided pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) and which shall be deemed to include the costs of construction and other allowable costs;

"Redevelopment entity" means a redevelopment entity authorized by a municipal governing body to implement plans and carry out redevelopment projects in the municipality pursuant to the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et al.);

“Renaissance school project” means a school established pursuant to P.L.2011, c.176 (C.18A:36C-1 et seq.);

"School bonds" means, in the case of a school facilities project which is to be constructed by the development authority, a redevelopment entity, or a district under section 15 of P.L.2000, c.72 (C.18A:7G-15), bonds, notes or other obligations issued by a district to finance the local share; and, in the case of a school facilities project which is not to be constructed by the development authority or a redevelopment entity, or financed under section 15 of P.L.2000, c.72 (C.18A:7G-15), bonds, notes or other obligations issued by a district to finance the total costs;

"School enrollment" means the number of FTE students other than evening school students, including post-graduate students and post-secondary vocational students, who, on the last school day prior to October 16 of the current school year, are recorded in the registers of the school;

"School facility" means and includes any structure, building or facility used wholly or in part for educational purposes by a district and facilities that physically support such structures, buildings and facilities, such as district wastewater treatment facilities, power generating facilities, and steam generating facilities, but shall exclude other facilities. “School facility” shall also mean any structure, building, or facility used wholly or in part for educational purposes that is owned or leased and operated by a charter school or renaissance school project and facilities that physically support such structures, buildings and facilities;

"School facilities project" means the planning, acquisition, demolition, construction, improvement, alteration, modernization, renovation, reconstruction or capital maintenance of all or any part of a school facility or of any other personal property necessary for, or ancillary to, any school facility, and shall include fixtures, furnishings and equipment, and shall also include, but is not limited to, site acquisition, site development, the services of design professionals, such as engineers and architects, construction management, legal services, financing costs and administrative costs and expenses incurred in connection with the project;

"SDA district" is a district that received education opportunity aid or preschool expansion aid in the 2007-2008 school year;

"Special education services pupil" means a pupil receiving specific services pursuant to chapter 46 of Title 18A of the New Jersey Statutes;

"State aid" means State municipal aid and State school aid;

"State debt service aid" means for school bonds issued for school facilities projects approved by the commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) of districts which elect not to have a redevelopment entity construct the project or which elect not to finance the project under section 15 of P.L.2000, c.72 (C.18A:7G-15), the amount of State aid determined pursuant to section 9 of P.L.2000, c.72 (C.18A:7G-9); and for school bonds or certificates of participation issued for school facilities projects approved by the commissioner prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) the amount of State aid determined pursuant to section 10 of P.L.2000, c.72 (C.18A:7G-10);

"State municipal aid" means business personal property tax replacement revenues, State urban aid and State revenue sharing, as these terms are defined in section 2 of P.L.1976, c.38 (C.40A:3-3), or other similar forms of State aid payable to the local unit and to the extent permitted by federal law, federal moneys appropriated or apportioned to the municipality or county by the State;

"State school aid" means the funds made available to school districts pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53);

"State share" means the State's proportionate share of the final eligible costs of a school facilities project to be constructed by the development authority as determined pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5); in the case of a demonstration project, the State's proportionate share of the final eligible costs of the project as determined pursuant to sections 5 and 6 of P.L.2000, c.72 (C.18A:7G-5 and C.18A:7G-6); **[**and**]** in the case of a school facilities project to be financed pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15), the State share as determined pursuant to that section ; and in the case of a school facilities project of a charter school or renaissance school project in an SDA district, the State share as determined pursuant to section 4 of P.L. , c. (C. ) (pending before the Legislature as this bill);

"Total costs" means, in the case of a school facilities project which is to be constructed by the development authority or a redevelopment entity or financed pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15), the final eligible costs plus excess costs if any; and in the case of a school facilities project which is not to be constructed by the development authority or a redevelopment entity or financed pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15), the total cost of the project as determined by the district.

(cf: P.L.2007, c.260, s.39)

2. Section 4 of P.L.2000, c.72 (C.18A:7G-4) is amended to read as follows:

4. a. (1) By December 15, 2000 and by October 1, 2005, each district shall prepare and submit to the commissioner a long-range facilities plan that details the district's school facilities needs and the district's plan to address those needs for the ensuing five years. Following the approval of the 2005 long-range facilities plan, each district shall amend its long-range facilities plan at least once every five years to update enrollment projections, building capacities, and health and safety conditions. The long-range facilities plan shall incorporate the facilities efficiency standards and shall be filed with the commissioner for approval in accordance with those standards. For those Abbott districts that have submitted long-range facilities plans to the commissioner prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.), this subsection shall not be read to require an additional filing by October 1, 2000.

(2) Every long-rang facilities plan submitted to the commissioner after the effective date of P.L.    , c.    (C.        ) (pending before the Legislature as this bill), including any amendment thereto, shall include a capital improvement plan for each public school within the district. At a minimum, the capital improvement plan shall indicate the enrollment projections, building capacities, and health and safety conditions of each public school within the district, as well as the school facilities needs of each school.

b. Notwithstanding any other law or regulation to the contrary, an application for a school facilities project pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) shall not be approved unless the district has filed a long-range facilities plan that is consistent with the application and the plan has been approved by the commissioner; except that prior to October 1, 2000, the commissioner may approve an application if the project is necessary to protect the health or safety of occupants of the school facility, or is related to required early childhood education programs, or is related to a school facility in which the functional capacity is less than **[**90%**]** 90 percent of the facilities efficiency standards based on current school enrollment, or the district received bids on the school facilities project prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) and the district demonstrates that further delay will negatively affect the cost of the project.

c. An amendment to a long-range facilities plan may be submitted at any time to the commissioner for review and determination on the approval or disapproval of the amendment.

d. Each long-range facilities plan shall include a cohort survival methodology or other methodology approved by the commissioner, accompanied by a certification by a qualified demographer retained by the district that serves as the basis for identifying the capacity and program needs detailed in the long-range facilities plan.

e. The long-range facilities plan shall include an educational adequacy inventory of all existing school facilities in the district including the adequacy of school facilities to educate within the district the existing and projected number of pupils with disabilities, the identification of all deficiencies in the district's current inventory of school facilities, which includes the identification of those deficiencies that involve emergent health and safety concerns, and the district's proposed plan for future construction and renovation. The long-range facilities plan submissions shall conform to the guidelines, criteria and format prescribed by the commissioner.

f. Each district shall determine the number of "unhoused students" for the ensuing five-year period calculated pursuant to the provisions of section 8 of P.L.2000, c.72 (C.18A:7G-8).

g. Each district shall submit the long-range facilities plan to the planning board of the municipality or municipalities in which the district is situate for the planning board's review and findings and the incorporation of the plan's goals and objectives into the municipal master plan adopted by the municipality pursuant to section 19 of P.L.1975, c.291 (C.40:55D-28).

h. (1) The commissioner shall develop, for the March 2002 Report on the Cost of Providing a Thorough and Efficient Education issued by the commissioner pursuant to section 4 of P.L.1996, c.138 (C.18A:7F-4), facilities efficiency standards for elementary, middle, and high schools consistent with the core curriculum school delivery assumptions in the report and sufficient for the achievement of the core curriculum content standards, including the provision of required programs in Abbott districts and early childhood education programs in the districts in which these programs are required by the State. The area allowances per FTE student in each class of the district shall be derived from these facilities efficiency standards. The commissioner shall revise the facilities efficiency standards and the area cost allowance in accordance with such schedule as the commissioner deems necessary. The commissioner shall publish the revised facilities efficiency standards and the area cost allowance in the New Jersey Register and, within a reasonable period of time after 30 days following publication, shall file the revised facilities efficiency standards and the area cost allowance with the Office of Administrative Law for publication in the New Jersey Register and those standards shall become effective immediately upon filing. During the 30-day period the commissioner shall provide an opportunity for public comment on the proposed facilities efficiency standards and the area cost allowance.

The facilities efficiency standards developed by the commissioner shall not be construction design standards but rather shall represent the instructional spaces, specialized instructional areas, and administrative spaces that are determined by the commissioner to be educationally adequate to support the achievement of the core curriculum content standards including the provision of required programs in Abbott districts and early childhood education programs in the districts in which these programs are required by the State. A district may design, at its discretion, the educational and other spaces to be included within the school facilities project. The design of the project may eliminate spaces in the facilities efficiency standards, include spaces not in the facilities efficiency standards, or size spaces differently than in the facilities efficiency standards upon a demonstration of the adequacy of the school facilities project to deliver the core curriculum content standards pursuant to paragraph (2) of subsection g. of section 5 of P.L.2000, c.72 (C.18A:7G-5).

Within a reasonable period of time after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.), the commissioner shall publish the facilities efficiency standards developed for the 2000-2001, 2001-2002, and 2002-2003 school years in the New Jersey Register. Within a reasonable period of time after 30 days after publication in the New Jersey Register, the commissioner shall file the facilities efficiency standards with the Office of Administrative Law and those standards shall become effective immediately upon filing with the Office of Administrative Law. During the 30-day period the commissioner shall provide an opportunity for public comment on the proposed facilities efficiency standards.

(2) Within 120 days of the effective date of P.L.    , c.    (C.        ) (pending before the Legislature as this bill), the development authority, in consultation with the commissioner, shall develop three model school designs for the construction of elementary, middle, and high schools, respectively. The model school designs shall establish uniform standards for the exterior and interior design of each category of school facilities projects. The development authority, in consultation with the commissioner, may revise the model school designs as the development authority deems necessary. In addition to any other considerations that the development authority may deem appropriate, the model school designs shall: (a) not include immodest or irregularly-shaped structures, including facades, windows, and courtyards, which contribute to unnecessary and imprudent construction costs; and (b) prioritize the utilization of vertical construction designs over horizontal construction designs, which designs preserve green space and maximize land use.

i. Within 90 days of the commissioner's receipt of a long-range facilities plan for review, the commissioner shall determine whether the plan is fully and accurately completed and whether all information necessary for a decision on the plan has been filed by the district. If the commissioner determines that the plan is complete, the commissioner shall promptly notify the district in writing and shall have 60 days from the date of that notification to determine whether to approve the plan or not. If the commissioner determines that the plan is not complete, the commissioner shall notify the district in writing. The district shall provide to the commissioner whatever information the commissioner determines is necessary to make the plan accurate and complete. The district shall submit that information to the commissioner, and the commissioner shall have 60 days from the date of receipt of accurate and complete information to determine whether to approve the plan or not.

j. Notwithstanding any provision in subsection i. of this section, if at any time the number of long-range facilities plans filed by school districts with the commissioner and pending review exceeds **[**20%**]** 20 percent of the number of school districts in New Jersey, the commissioner may extend by 60 days the deadline for reviewing each plan pending at that time.

k. (Deleted by amendment, P.L.2007, c.260).

l. By July 1, 2001, the commissioner shall provide the Legislature with recommendations to address the circumstances of districts which are contiguous with two or more Abbott districts. The recommendations shall address the issues of the financing of school facilities projects and the funding of the educational and other programs required within these districts as a result of their unique demographic situation.

m. By July 1, 2001, the commissioner shall study the Safe Schools Design Guidelines, prepared by the Florida Center for Community Design and Research, which address the issues of school safety and security through the design of school facilities. Based upon the commissioner's study, the commissioner shall issue recommendations to districts on the appropriateness of including the Safe Schools Design Guidelines in the design and construction of school facilities projects.

(cf: P.L.2007, c.260, s.40)

3. Section 5 of P.L.2000, c.72 (C.18A:7G-5) is amended to read as follows:

5. a. The development authority shall undertake and the financing authority shall finance the school facilities projects of SDA districts.

b. In the case of a district other than an SDA district, State support for the project shall be determined pursuant to section 9 or section 15 of P.L.2000, c.72 (C.18A:7G-9 or C.18A:7G-15), as applicable.

c. Notwithstanding any provision of N.J.S.18A:18A-16 to the contrary, the procedures for obtaining approval of a school facilities project shall be as set forth in **[**this act**]** P.L.2000, c.72 (C.18A:7G-1 et al.); provided that any district whose school facilities project is not constructed by the development authority shall also be required to comply with the provisions of N.J.S.18A:18A-16 and shall be overseen by a non-conflicted construction management service provider, which may include a county improvement authority and private professional service firm, who shall serve from initial application to the commissioner for approval of the project through project completion.

d. (1) Any district seeking to initiate a school facilities project shall apply to the commissioner for approval of the project. The application may include, but not be limited to: a description of the school facilities project; a schematic drawing of the project or, at the option of the district, preliminary plans and specifications; a delineation and description of each of the functional components of the project; educational specifications detailing the programmatic needs of each proposed space; the number of unhoused students to be housed in the project; the area allowances per FTE student as calculated pursuant to section 8 of P.L.2000, c.72 (C.18A:7G-8); and the estimated cost to complete the project as determined by the district.

(2) (a) In the case of an SDA district school facilities project, **[**based upon its educational priority ranking and the Statewide strategic plan established pursuant to subsection m. of this section, the commissioner may authorize**]** the district shall not submit an application for commissioner approval until the project has been authorized by the Legislature pursuant to subparagraph (e) of paragraph (3) of subsection m. of this section. If the district submits an application before the project has been authorized pursuant to that subparagraph, the application shall not be deemed to be fully and accurately completed until the date of such authorization. The development authority **[**to**]** may undertake **[**preconstruction activities which may include, but need not be limited to, site identification, investigation, and acquisition, feasibility studies, land-related design work, design work, site remediation, demolition, and acquisition of temporary facilities**]** site identification and investigation for the project before a staff allocation plan has been authorized by the Legislature. Upon receipt of the authorization, the development authority may **[**initiate the**]** undertake any other preconstruction activities required to prepare the application for commissioner approval of the school facilities project, which activities may include, but need not be limited to, site acquisition, feasibility studies, land-related design work, design work, site remediation, demolition, and acquisition of temporary facilities.

(b) In the case of an SDA district school facilities project, the project design shall conform to a model school design developed by the development authority pursuant to paragraph (2) of subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4), except that the model school design may be modified to accommodate the capacity needs of the project, provided that such modifications shall comply with the facilities efficiency standards and the area allowances per FTE student derived from those standards. In the event that the SDA district school facilities project requires the implementation of certain immodest or irregularly-shaped structures, but otherwise conforms to a model school design, the development authority shall approve the immodest or irregularly-shaped structures prior to the submission of the project to the Legislature for authorization pursuant to subparagraph (e) of paragraph (3) of subsection m. of this section and shall provide an attestation that the implementation of the structures is necessary for the purposes of completing the SDA district school facilities project.

(c) In the case of a district other than an SDA district, the project design of the school facilities project may conform to a model school design developed by the development authority pursuant to paragraph (2) of subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4), with any modifications authorized under subparagraph (b) of this paragraph. If the project conforms to a model school design or conforms to a model design with any modification authorized under subparagraph (b) of this paragraph, the district’s district aid percentage shall be increased by 15 percent. In the event that the school facilities project requires the implementation of certain immodest or irregularly-shaped structures, but otherwise conforms to a model school design, the development authority shall review the immodest or irregularly-shaped structures under the district’s proposal. If the development authority approves the immodest or irregularly-shaped structures under the proposed school facilities project, the district shall continue to be eligible for the increased district aid percentage provided under this subparagraph.

e. (1) The commissioner shall review each proposed school facilities project to determine whether it is consistent with the district's long-range facilities plan and whether it complies with the facilities efficiency standards and the area allowances per FTE student derived from those standards; and in the case of an SDA district, the commissioner shall also review **[**the project's educational priority ranking and the Statewide strategic plan developed**]** whether the project complies with the model school design standards and contains any modifications authorized pursuant to subparagraph (b) of paragraph (2) of subsection d. of this section, whether the project received the necessary approvals for the implementation of immodest or irregularly-shaped structures under subparagraph (b) of paragraph (2) of subsection d. of this section, and whether the project has been authorized by the Legislature pursuant to **[**paragraphs (2) and**]** subparagraph (e) of paragraph (3) of subsection m. of this section; and in the case of a district other than an SDA district the commissioner shall also review the project's priority pursuant to paragraph (4) of subsection m. of this section.

(2) The commissioner shall make a decision on a district's application within 90 days from the date **[**he**]** the commissioner determines that the application is fully and accurately completed and that all information necessary for a decision has been filed by the district, or from the date of the last revision made by the district. If the commissioner is not able to make a decision within 90 days, **[**he**]** the commissioner shall notify the district in writing explaining the reason for the delay and indicating the date on which a decision on the project will be made, provided that the date shall not be later than 60 days from the expiration of the original 90 days set forth in this subsection. If the decision is not made by the subsequent date indicated by the commissioner, then the project shall be deemed approved and the preliminary eligible costs for new construction shall be calculated by using the proposed square footage of the building as the approved area for unhoused students.

f. If the commissioner determines that the school facilities project complies with the facilities efficiency standards and the district's long-range facilities plan and does not exceed the area allowance per FTE student derived from those standards, the commissioner shall calculate the preliminary eligible costs of the project pursuant to the formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7); except that (1) in the case of a county special services school district or a county vocational school district, the commissioner shall calculate the preliminary eligible costs to equal the amount determined by the board of school estimate and approved by the board of chosen freeholders pursuant to section 14 of P.L.1971, c.271 (C.18A:46-42) or N.J.S.18A:54-31 as appropriate, and (2) in the case of an SDA district, the commissioner shall calculate the preliminary eligible costs to equal the estimated cost as determined by the development authority, provided that such costs shall not exceed the amounts authorized by the Legislature pursuant to subparagraph (e) of paragraph (3) of subsection m. of this section.

g. If the commissioner determines that the school facilities project is inconsistent with the facilities efficiency standards or exceeds the area allowances per FTE student derived from those standards, the commissioner shall notify the district.

(1) The commissioner shall approve area allowances in excess of the area allowances per FTE student derived from the facilities efficiency standards if the board of education or State district superintendent, as appropriate, demonstrates that school facilities needs related to required programs cannot be addressed within the facilities efficiency standards and that all other proposed spaces are consistent with those standards. The commissioner shall approve area allowances in excess of the area allowances per FTE student derived from the facilities efficiency standards if the additional area allowances are necessary to accommodate centralized facilities to be shared among two or more school buildings within the district and the centralized facilities represent a more cost effective alternative.

(2) The commissioner may waive a facilities efficiency standard if the board of education or State district superintendent, as appropriate, demonstrates to the commissioner's satisfaction that the waiver will not adversely affect the educational adequacy of the school facility, including the ability to deliver the programs and services necessary to enable all students to achieve the core curriculum content standards.

(3) To house the district's central administration, a district may request an adjustment to the approved areas for unhoused students of 2.17 square feet for each FTE student in the projected total district school enrollment if the proposed administrative offices will be housed in a school facility and the district demonstrates either that the existing central administrative offices are obsolete or that it is more practical to convert those offices to instructional space. To the extent that existing administrative space will continue to be used for administrative purposes, the space shall be included in the formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7).

If the commissioner approves excess facilities efficiency standards or additional area allowances pursuant to paragraph (1), (2), or (3) of this subsection, the commissioner shall calculate the preliminary eligible costs based upon the additional area allowances or excess facilities efficiency standards pursuant to the formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7). In the event that the commissioner does not approve the excess facilities efficiency standards or additional area allowances, the district may either: modify its submission so that the school facilities project meets the facilities efficiency standards; or pay for the excess costs.

(4) The commissioner shall approve spaces in excess of, or inconsistent with, the facilities efficiency standards, hereinafter referred to as nonconforming spaces, upon a determination by the district that the spaces are necessary to comply with State or federal law concerning individuals with disabilities, including that the spaces are necessary to provide in-district programs and services for current disabled pupils who are being served in out-of-district placements or in-district programs and services for the projected disabled pupil population. A district may apply for additional State aid for nonconforming spaces that will permit pupils with disabilities to be educated to the greatest extent possible in the same buildings or classes with their nondisabled peers. The nonconforming spaces may: (a) allow for the return of pupils with disabilities from private facilities; (b) permit the retention of pupils with disabilities who would otherwise be placed in private facilities; (c) provide space for regional programs in a host school building that houses both disabled and nondisabled pupils; and (d) provide space for the coordination of regional programs by a county special services school district, educational services commission, jointure commission, or other agency authorized by law to provide regional educational services in a school building that houses both disabled and nondisabled pupils. A district's State support ratio shall be adjusted to equal the lesser of the sum of its district aid percentage as defined in section 3 of P.L.2000, c.72 (C.18A:7G-3) plus 0.25, or **[**100%**]** 100 percent for any nonconforming spaces approved by the commissioner pursuant to this paragraph.

h. Upon approval of a school facilities project and determination of the preliminary eligible costs:

(1) In the case of a district other than an SDA district, the commissioner shall notify the district whether the school facilities project is approved and, if so approved, the preliminary eligible costs and the excess costs, if any. Following the determination of preliminary eligible costs and the notification of project approval, the district may appeal to the commissioner for an increase in those costs if the detailed plans and specifications completed by a design professional for the school facilities project indicate that the cost of constructing that portion of the project which is consistent with the facilities efficiency standards and does not exceed the area allowances per FTE student exceeds the preliminary eligible costs as determined by the commissioner for the project by **[**10%**]** 10 percent or more. The district shall file its appeal within 30 days of the preparation of the plans and specifications. If the district chooses not to file an appeal, then the final eligible costs shall equal the preliminary eligible costs.

The appeal shall outline the reasons why the preliminary eligible costs calculated for the project are inadequate and estimate the amount of the adjustment which needs to be made to the preliminary eligible costs. The commissioner shall forward the appeal information to the development authority for its review and recommendation. If the additional costs are the result of factors that are within the control of the district or are the result of design factors that are not required to meet the facilities efficiency standards, the development authority shall recommend to the commissioner that the preliminary eligible costs be accepted as the final eligible costs. If the development authority determines the additional costs are not within the control of the district or are the result of design factors required to meet the facilities efficiency standards, the development authority shall recommend to the commissioner a final eligible cost based on its experience for districts with similar characteristics, provided that, notwithstanding anything to the contrary, the commissioner shall not approve an adjustment to the preliminary eligible costs which exceeds **[**10%**]** 10 percent of the preliminary eligible costs. The commissioner shall make a determination on the appeal within 30 days of its receipt. If the commissioner does not approve an adjustment to the school facilities project's preliminary eligible costs, the commissioner shall issue his findings in writing on the reasons for the denial and on why the preliminary eligible costs as originally calculated are sufficient.

(2) In the case of an SDA district, the commissioner shall promptly prepare and submit to the development authority a preliminary project report which shall consist, at a minimum, of the following information: a complete description of the school facilities project; the actual location of the project; the total square footage of the project together with a breakdown of total square footage by functional component; the preliminary eligible costs of the project; the maximum final eligible costs of the project, as authorized by the Legislature; the maximum full-time equivalent employees who may be allocated to the project, as authorized by the Legislature; the project's priority ranking determined pursuant to subsection m. of this section; any other factors to be considered by the development authority in undertaking the project; and the name and address of the person from the district to contact in regard to the project.

i. Upon receipt by the development authority of the preliminary project report, the development authority, upon consultation with the district, shall prepare detailed plans and specifications and schedules which contain the development authority's estimated cost and schedule to complete the school facilities project. The development authority shall transmit to the commissioner its recommendations in regard to the project which shall, at a minimum, contain the detailed plans and specifications; whether the school facilities project can be completed within the preliminary eligible costs; and any other factors which the development authority determines should be considered by the commissioner.

(1) In the event that the development authority determines that the school facilities project can be completed within the preliminary eligible costs: the final eligible costs shall be deemed to equal the preliminary eligible costs; the commissioner shall be deemed to have given final approval to the project; and the preliminary project report shall be deemed to be the final project report delivered to the development authority pursuant to subsection j. of this section.

(2) In the event that the development authority determines that the school facilities project cannot be completed within the preliminary eligible costs, prior to the submission of its recommendations to the commissioner, the development authority shall, in consultation with the district and the commissioner, determine whether changes can be made in the project which will result in a reduction in costs while at the same time meeting the facilities efficiency standards approved by the commissioner.

(a) If the development authority determines that changes in the school facilities project are possible so that the project can be accomplished within the scope of the preliminary eligible costs while still meeting the facilities efficiency standards, the development authority shall so advise the commissioner, whereupon the commissioner shall: calculate the final eligible costs to equal the preliminary eligible costs; give final approval to the project with the changes noted; and issue a final project report to the development authority pursuant to subsection j. of this section.

(b) If the development authority determines that it is not possible to make changes in the school facilities project so that it can be completed within the preliminary eligible costs either because the additional costs are the result of factors outside the control of the district or the additional costs are required to meet the facilities efficiency standards, the development authority shall recommend to the commissioner that the preliminary eligible costs be increased accordingly, whereupon the commissioner shall: calculate the final eligible costs to equal the sum of the preliminary eligible costs plus the increase recommended by the development authority; give final approval to the project, provided that the final eligible costs do not exceed the amounts authorized for expenditure by the Legislature pursuant to subparagraph (e) of paragraph (3) of subsection m. of this section; and issue a final project report to the development authority pursuant to subsection j. of this section.

(c) If the additional costs are the result of factors that are within the control of the district or are the result of design factors that are not required to meet the facilities efficiency standards or approved pursuant to paragraph (1) of subsection g. of this section, the development authority shall recommend to the commissioner that the preliminary eligible costs be accepted, whereupon the commissioner shall: calculate the final eligible costs to equal the preliminary eligible costs and specify the excess costs which are to be borne by the district; give final approval to the school facilities project; and issue a final project report to the development authority pursuant to subsection j. of this section; provided that the commissioner may approve final eligible costs which are in excess of the preliminary eligible costs if, in his judgment, the action is necessary to meet the educational needs of the district, provided that such costs shall not exceed the amounts authorized for expenditure by the Legislature pursuant to subparagraph (e) of paragraph (3) of subsection m. of this section.

(d) For a school facilities project undertaken by the development authority, the development authority shall be responsible for any costs of construction, but only from the proceeds of bonds issued by the financing authority pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.), which exceed the amount originally projected by the development authority and approved for financing by the development authority, provided that the excess is the result of an underestimate of labor or materials costs by the development authority. After receipt by the development authority of the final project report, the district shall be responsible only for the costs associated with changes, if any, made at the request of the district to the scope of the school facilities project.

j. The development authority shall not commence the construction of a school facilities project unless the commissioner transmits to the development authority a final project report and the district complies with the approval requirements for the local share, if any, pursuant to section 11 of P.L.2000, c.72 (C.18A:7G-11). The final project report shall contain all of the information contained in the preliminary project report and, in addition, shall contain: the final eligible costs; the excess costs, if any; the total costs which equals the final eligible costs plus excess costs, if any; the State share; and the local share.

k. For the SDA districts, the State share shall be **[**100%**]** 100 percent of the final eligible costs. Except as otherwise provided pursuant to section 9 of P.L.2000, c.72 (C.18A:7G-9), for all other districts, the State share shall be an amount equal to the district aid percentage; except that the State share shall not be less than **[**40%**]** 40 percent of the final eligible costs.

If any district which is included in district factor group A or B, other than an SDA district, is having difficulty financing the local share of a school facilities project, the district may apply to the commissioner to receive **[**100%**]** 100 percent State support for the project and the commissioner may request the approval of the Legislature to increase the State share of the project to **[**100%**]** 100 percent.

l. The local share for school facilities projects constructed by the authority or a redevelopment entity shall equal the final eligible costs plus any excess costs less the State share.

m. (1) Within 90 days of the effective date of P.L.2007, c.137 (C.52:18A-235 et al.), the commissioner shall develop an educational facilities needs assessment for each SDA district. The assessment shall be updated periodically by the commissioner in accordance with the schedule the commissioner deems appropriate for the district; except that each assessment shall at a minimum be updated within five years of the development of the district's most recent prior educational facilities needs assessment. The assessment shall be transmitted to the development authority to be used to initiate the planning activities required prior to the establishment of the educational priority ranking of school facilities projects pursuant to paragraph (2) of this subsection.

(2) Following the approval of an SDA district's long-range facilities plan or of an amendment to that plan, but prior to authorization of preconstruction activities for a school facilities project included in the plan or amendment, the commissioner shall establish, in consultation with the SDA district, an educational priority ranking of all school facilities projects in the SDA district based upon the commissioner's determination of critical need in accordance with priority project categories developed by the commissioner. The priority project categories shall include, but not be limited to, health and safety, overcrowding in the early childhood, elementary, middle, and high school grade levels, spaces necessary to provide in-district programs and services for current disabled students who are being served in out-of-district placements or in-district programs and services for the projected disabled student population, rehabilitation, and educational adequacy.

(3) (a) Upon the commissioner's determination of the educational priority ranking of school facilities projects in SDA districts pursuant to paragraph (2) of this subsection, the development authority, in consultation with the commissioner, the SDA districts, and the governing bodies of the municipalities in which the SDA districts are situate, shall establish a Statewide strategic plan to be used in the sequencing of SDA district school facilities projects based upon the projects' educational priority rankings and issues which impact the development authority's ability to complete the projects including, but not limited to, the construction schedule and other appropriate factors. The development authority shall revise the Statewide strategic plan and the sequencing of SDA district school facilities projects in accordance with that plan no less than once every five years, except that the plan shall be updated within 120 days of the effective date of P.L.    , c.    (C.        ) (pending before the Legislature as this bill). In addition to any other information that the development authority may deem appropriate, the Statewide strategic plan shall include the following information for each project: (i) a description of the project, which shall indicate whether the project will be new construction or renovation and whether the project will require the acquisition of land; (ii) the total estimated project costs; and (iii) the number of full-time equivalent staff needed to support the project.

(b) In developing the Statewide strategic plan, the development authority shall prioritize: (i) new construction projects; (ii) projects located on land owned by the school district or other public entities; and (iii) projects needed to replace school buildings that have been in use for 50 or more years.

(c) Any amendment to an SDA district's long-range facilities plan that is submitted to the commissioner in the period between the five-year updates of the long-range facilities plan shall be considered by the development authority, in consultation with the commissioner, for incorporation into the Statewide strategic plan. In making a determination on whether or not to amend the Statewide strategic plan, the development authority shall consider the cost of the amendment, the impact of the amendment upon the school development plans for other districts, and other appropriate factors.

(d) Within 10 days following any update to the Statewide strategic plan, the development authority shall transmit the plan to the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), and to the members of the Senate Education Committee and the Assembly Education Committee, or any successor committees.

(e) The development authority shall not expend any monies from the SDA District Project Fund, established pursuant to subsection i. of section 14 of P.L.2000, c.72 (C.18A:7G-14), and shall not conduct any activities related to the construction of an SDA district school facilities projects, except for site identification and investigation activities, until the project is authorized by a specific appropriation of the Legislature. Any act authorizing one or more SDA district school facilities projects shall identify the project to be funded, the maximum final eligible costs permitted for the project, and the maximum full-time equivalent employees that the development authority may allocate to the project.

(4) In the case of a district other than an SDA district, the commissioner shall establish a priority process for the financing of school facilities projects based upon the commissioner's determination of critical need in accordance with priority project categories developed by the commissioner. The priority project categories shall include, but not be limited to, health and safety, overcrowding in the elementary, middle, and high school grade levels, spaces necessary to provide in-district programs and services for current disabled students who are being served in out-of-district placements or in-district programs and services for the projected disabled student population, and full-day kindergarten facilities in the case of school districts required to provide full-day preschool pursuant to section 12 of P.L.2007, c.260 (C.18A:7F-54).

n. The provisions of the "Public School Contracts Law," N.J.S.18A:18A-1 et seq., shall be applicable to any school facilities project constructed by a district but shall not be applicable to projects constructed by the development authority or a redevelopment entity pursuant to the provisions of this act.

o. In the case of a school facilities project of a district other than an SDA district, any proceeds of school bonds issued by the district for the purpose of funding the project which remain unspent upon completion of the project shall be used by the district to reduce the outstanding principal amount of the school bonds.

p. Upon completion by the development authority of a school facilities project, if the cost of construction and completion of the project is less than the total costs, the district shall be entitled to receive a portion of the local share based on a pro rata share of the difference based on the ratio of the State share to the local share.

q. The development authority shall determine the cause of any costs of construction which exceed the amount originally projected by the development authority and approved for financing by the financing authority.

r. (Deleted by amendment, P.L.2007, c.137).

s. (Deleted by amendment, P.L.2007, c.137).

(cf: P.L.2009, c.185, s.1)

4. (New section) a. The State share of a school facilities project undertaken by a charter school or renaissance school project located in an SDA district shall be 100 percent of the final eligible costs as determined pursuant to subsection c. of this section. Notwithstanding the provisions of section 5 of P.L.2000, c.72 (C.18A:7G-5) or of any other section of law, rule, or regulation to the contrary, a charter school or renaissance school project located in an SDA district seeking to initiate a school facilities project, and that is seeking the State share of the school facilities project, shall apply to the development authority for approval of the project. In the case of a charter school or renaissance school project established after the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill), the development authority shall not approve a school facilities project until after the charter school’s first renewal under section 17 of P.L.1995, c.426 (C.18A:36A-17) or after the renaissance school project’s first renewal under section 10 of P.L.2011, c.176 (C.18A:36C-10).

b. (1) The development authority shall annually review the applications for school facilities projects submitted pursuant to subsection a. of this section and, upon such review, create a Statewide charter school and renaissance school project facilities strategic plan to be used in the sequencing of school facilities projects of charter schools and renaissance school projects in SDA districts. The Statewide charter school and renaissance school project facilities strategic plan shall include a Statewide educational priority ranking of the school facilities projects based upon the development authority’s determination of critical need, the criteria and methodology of which shall be established by the development authority pursuant to regulations promulgated by the development authority pursuant to subsection g. of this section. At a minimum, the criteria and methodology established by the development authority for the determination of critical need shall prioritize: (a) new construction projects; and (b) major renovation and rehabilitation projects that seek to expand the capacity of a charter school or renaissance school project facility used for education purposes.

(2) In the event that a school facilities project for which a charter school or renaissance school project is seeking State support pursuant to this section is requested for a leased facility, the applicant charter school or renaissance school project shall submit the lease agreement or lease agreement addendum that stipulates that the expiration of the term of the lease is no less than 10 years from the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill) and subject to an additional five year renewal term at the option of the charter school or renaissance school project.

c. If the school facilities project of a charter school or renaissance school project located in an SDA district is approved pursuant to this section, the development authority, in consultation with the charter school or renaissance school project, shall determine the final eligible costs of the approved school facilities project, which final eligible costs shall be the reasonable estimated costs of providing a school facility under the school facilities project proposal that is structurally adequate and safe and that is capable of providing an educational program which enables students enrolled in the charter school or renaissance school project to meet the core curriculum content standards. The development authority, however, shall not expend any monies from the Charter School and Renaissance School Project Construction and Maintenance Fund, established pursuant to subsection i. of section 14 of P.L.2000, c.72 (C.18A:7G-14), and the charter school or renaissance school project shall not conduct any activities related to the construction of an approved school facilities project under this section, except for site identification and investigation activities, until the project is authorized by a specific appropriation of the Legislature. Any act authorizing one or more school facilities projects approved under this section shall identify the project to be funded and the maximum final eligible costs permitted for the project.

d. Following the authorization by the Legislature of a school facilities project pursuant to subsection c. of this section, the development authority shall authorize the charter school or renaissance school project to undertake the school facilities project. Nothing in this section shall be construed as requiring the development authority to undertake any school facilities projects approved pursuant to this section.

e. The development authority shall require, as a condition of providing the State share of funds for a school facilities project approved pursuant to this section that includes school facilities owned by the charter school or renaissance school project, that, notwithstanding the provisions of section 7 of P.L.2013, c.149 (C.18A:36C-16) or of any other law, rule, or regulation to the contrary, the fee simple title of the facility shall revert to the State, except that the board of education of the district in which the charter school or renaissance school project is located shall have the right of first refusal of the school facilities project prior to the reversion to the State. The provisions of this subsection shall apply in the following instances:

(1) upon the revocation or surrendering of a charter school’s charter, the non-renewal of a charter school’s charter or of a renaissance school project, or the closure of a charter school or renaissance school project. In the case of the revocation, surrendering, or non-renewal of a charter school’s charter or the closure of a charter school, the fee simple title shall revert to the State during and as part of the comprehensive closure plan implemented by the charter school’s board of trustees pursuant to section 17 of P.L.1995, c.426 (C.18A:36A-17) and regulations promulgated thereto; or

(2) in the event that the school facilities project is no longer being utilized for the purposes for which it was intended under the application approved pursuant to this section.

f. No charter school or renaissance school project that is operated by a for-profit management company shall be eligible to apply to the development authority for the State share of a school facilities project pursuant to this section.

g. The authority shall promulgate, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), such rules and regulations as may be necessary to implement the provisions of this section, which rules and regulations shall establish at a minimum:

(1) the process for review and approval of school facilities projects undertaken by charter schools or renaissance school projects;

(2) the specific criteria and methodology that the development authority shall implement in creating an educational priority ranking under the Statewide charter school and renaissance school project facilities strategic plan pursuant to subsection b. of this section;

(3) the process for the determination of final eligible costs for which a charter school or renaissance school project would receive State support pursuant to this section; and

(4) the process for the reversion to the State of a school facilities project pursuant to subsection e. of this section.

5. (New section) a. Notwithstanding the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) or any other section of law to the contrary, the board of education of a district other than an SDA district may enter into an agreement with a county improvement authority or a municipal redevelopment agency to construct a school facilities project and to issue its bonds to finance the local share of a project that is to be financed under section 15 of P.L.2000, c.72 (18A:7G-15), or to finance the total costs of a project that is not to be financed under section 15 of P.L.2000, c.72 (C.18A:7G-15). The bonds of a county improvement authority or municipal redevelopment agency issued to finance the total costs of a school facilities project that is not to be financed under section 15 of P.L.2000, c.72 (C.18A:7G-15) shall be eligible for State debt service aid in accordance with the formula established under section 9 of P.L.2000, c.72 (C.18A:7G-9).

b. A district other than an SDA district may lease its lands or facilities to the county improvement authority or municipal redevelopment agency, which may construct the school facilities project through a design build contract. Whenever a school facilities project is constructed by a county improvement authority or municipal redevelopment agency through a design-build contract: (1) the county improvement authority or municipal redevelopment agency shall follow the procedures established by the rules and regulations of the New Jersey Schools Development Authority for the procurement of design-build contracts; (2) the county improvement authority or municipal redevelopment agency shall follow the design requirements and materials and system standards established by the development authority; (3) the provisions of the “Public School Contracts Law,” (N.J.S.18A:18A-1 et seq.), and the “Local Public Contracts Law,’ P.L.1971, c.198 (C.40A:11-1 et seq.), shall not apply; and (4) a district other than an SDA district shall comply with the procedures for obtaining approval of the project under P.L.2000, c.72 (C.18A:7G-1 et al.), but shall not be required to comply with the provisions of N.J.S.18A:18A-16.

c. The county improvement authority or municipal redevelopment agency shall lease the school facilities project to the county, which shall then lease it for nominal consideration to the district for as long as the county improvement authority or municipal redevelopment agency bonds or refunding bonds are outstanding. Nothing in this section shall be construed to authorize a county to require the district to bear any portion of the cost of the debt service on the county improvement authority or municipal redevelopment agency bonds issued to fund the school facilities project or any refunding bonds.

d. The county lease payments made to the county improvement authority or municipal redevelopment agency pursuant to subsection c. of this section shall not be subject to any cap on appropriations or on spending or to any tax levy cap. The county lease payments shall be sufficient to pay debt service on the county improvement authority or municipal redevelopment agency bonds issued to fund the school facilities project or any refunding bonds, that remains after the application of any State debt service aid paid on those bonds pursuant to section 9 of P.L.2000, c.72 (C.18A:7G-9). The county lease payments shall be payable over the life of the bonds.

e. When the bonds issued by a county improvement authority or municipal redevelopment authority are no longer outstanding, the leases and liens of the county and the county improvement authority or municipal redevelopment agency shall expire and the school facilities project shall be solely vested in the school district. The school district shall be responsible for the operation, maintenance, and improvement of the school facility upon the completion of the school facilities project.

6. (New section) a. Notwithstanding any provision of law to the contrary, when the development authority undertakes a school facilities project on behalf of a district, and the project will be constructed on a brownfield site, the development authority shall not be responsible for any remediation costs associated with the brownfield site.

b. The development authority shall not commence the construction of the school facilities project until all remediation of the brownfield site has been completed, which remediation costs shall be supported by the local share of the project or any other funding provided by the State or federal government to address the remediation of brownfield sites.

c. As used in this section, the terms “brownfield site,” “remediation,” “remediation costs” shall have the same meanings as defined in section 10 of P.L.2020, c.156 (C.34:1B-278).

7. Section 9 of P.L.2000, c.72 (C.18A:7G-9) is amended to read as follows:

9. a. State debt service aid for capital investment in school facilities for a district other than an SDA district which elects not to finance the project under section 15 of P.L.2000, c.72 (C.18A:7G-15), shall be distributed upon a determination of preliminary eligible costs by the commissioner, according to the following formula:

Aid is the sum of A for each issuance of school bonds issued for a school facilities project approved by the commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.)

where

A = B x AC/P x DAP x M, with AC/P =1

whenever AC/P would otherwise yield a number greater than one,

and where:

B is the district's debt service for the individual issuance for the fiscal year;

AC is the preliminary eligible costs determined pursuant to section 7 of P.L.2000, c.72 (C.18A:7G-7);

P is the principal of the individual issuance plus any other funding sources approved for the school facilities project;

DAP is the district's district aid percentage as defined pursuant to section 3 of P.L.2000, c.72 (C.18A:7G-3) and where DAP shall not be less than **[**40%**]** 40 percent, except that if the project’s design conforms to a model school design established by the development authority pursuant to paragraph (2) of subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4), the DAP shall be increased by 15 percent; and

M is a factor representing the degree to which a district has fulfilled maintenance requirements for a school facilities project determined pursuant to subsection b. of this section.

For county special services school districts, DAP shall be that of the county vocational school district in the same county.

Notwithstanding the provisions of this subsection to the contrary, DAP for a county vocational school district school facilities project that is approved by the commissioner following the effective date of P.L.2009, c.185 shall equal the greater of the district's district aid percentage as defined pursuant to section 3 of P.L.2000, c.72 (C.18A:7G-3) or the percentage of the students in the county vocational school district's resident enrollment who reside in SDA districts; except that DAP shall not be less than **[**40%**]** 40 percent or greater than **[**90%**]** 90 percent.

b. The maintenance factor (M) shall be 1.0 except when one of the following conditions applies, in which case the maintenance factor shall be as specified:

(1) Effective ten years from the date of the enactment of P.L.2000, c.72 (C.18A:7G-1 et al.), the maintenance factor for aid for reconstruction, remodeling, alteration, modernization, renovation or repair, or for an addition to a school facility, shall be zero for all school facilities projects for which the district fails to demonstrate over the ten years preceding issuance a net investment in maintenance of the related school facility of at least **[**2%**]** two percent of the replacement cost of the school facility, determined pursuant to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7) using the area cost allowance of the year ten years preceding the year in which the school bonds are issued.

(2) For new construction, additions, and school facilities aided under subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7) supported by financing issued for projects approved by the commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.), beginning in the fourth year after occupancy of the school facility, the maintenance factor shall be reduced according to the following schedule for all school facilities projects for which the district fails to demonstrate in the prior fiscal year an investment in maintenance of the related school facility of at least two-tenths of **[**1%**]** one percent of the replacement cost of the school facility, determined pursuant to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7).

Maintenance Percentage Maintenance Factor (M)

.199% - .151% 75%

.150% - .100% 50%

Less than .100% Zero

(3) Within one year of the enactment of P.L.2000, c.72 (C.18A:7G-1 et al.), the commissioner shall promulgate rules requiring districts to develop a long-range maintenance plan and specifying the expenditures that qualify as an appropriate investment in maintenance for the purposes of this subsection.

c. Any district which obtained approval from the commissioner since September 1, 1998 and prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) of the educational specifications for a school facilities project or obtained approval from the Department of Community Affairs or the appropriately licensed municipal code official since September 1, 1998 of the final construction plans and specifications, and the district has issued debt, may elect to have the final eligible costs of the project determined pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) and to receive debt service aid under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10).

Any district which received approval from the commissioner for a school facilities project at any time prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.), and has not issued debt, other than short term notes, may submit an application pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) to have the final eligible costs of the project determined pursuant to that section and to have the New Jersey Economic Development Authority construct the project; or, at its discretion, the district may choose to receive debt service aid under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10) or to receive a grant under section 15 of P.L.2000, c.72 (C.18A:7G-15).

For the purposes of this subsection, the "issuance of debt" shall include lease purchase agreements in excess of five years.

d. For school bonds issued for a school facilities project after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) and prior to the effective date of P.L.2008, c.39 (C.18A:7G-14.1 et al.), State debt service aid shall be calculated in accordance with the provisions of this section as the same read before the effective date of P.L.2008, c.39 (C.18A:7G-14.1 et al.).

(cf: P.L.2009, c.185, s.2)

8. (New section) a. Notwithstanding any provision of law to the contrary, when the board or education of a district determines that it is necessary to sell bonds to raise money for a school facilities project, the board of education may issue such bonds as are necessary to fund the project without the approval of the voters of the district, provided that before issuing the bonds:

(1) the board of education has entered into a written contract with one or more municipalities, wherein the municipality shall annually remit to the board of education not less than 60 percent of the payments in lieu of taxes received by the municipality from one or more designated properties, and the board of education shall pledge all remittances to the repayment of the bonds; and

(2) the bond issuance and contract has been approved by the commissioner pursuant to subsection b. of this section.

b. (1) If a board of education elects to issue bonds pursuant to this section, the board of education shall apply to the commissioner for approval of the bond issuance. In addition to any other information that the commissioner may deem appropriate, the application shall include: a description of the school facilities project; a certification of the amount to raised by the bonds; a description of the anticipated annual debt service costs, including the amounts to be supported by municipal remittances; and a copy of the contract.

(2) Within 30 days of receiving the application, the commissioner shall approve, conditionally approve, or reject the application. If the application is conditionally approved, the commissioner shall state, in writing, the revisions that shall be made to the contract in order for the application to be approved. If the commissioner does not approve, conditionally approve, or reject the application within 30 days of the date of receipt, the commissioner shall be deemed to have approved the application.

c. The commissioner, in consultation with the Local Finance Board, shall promulgate, pursuant to “Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules and regulations as may be necessary to implement the provisions of this section. At a minimum, the rules and regulations shall establish requirements and procedures concerning the process by which municipalities and districts may enter into contracts pursuant to this section.

9. Section 14 of P.L.2000, c.72 (C.18A:7G-14) is amended to read as follows:

14. Notwithstanding any other provisions of law to the contrary:

a. The financing authority shall have the power, pursuant to the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80 (C.34:1B-1 et seq.) and P.L.2007, c.137 (C.52:18A-235 et al.), to issue bonds and refunding bonds, incur indebtedness and borrow money secured, in whole or in part, by moneys received pursuant to sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-18 and C.18A:7G-19) for the purposes of: financing all or a portion of the costs of school facilities projects and any costs related to the issuance thereof, including, but not limited to, the administrative, insurance, operating and other expenses of the financing authority to undertake the financing, and the development authority to undertake the planning, design, and construction of school facilities projects; lending moneys to local units to pay the costs of all or a portion of school facilities projects and any costs related to the issuance thereof; funding the grants to be made pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15); and financing the acquisition of school facilities projects to permit the refinancing of debt by the district pursuant to section 16 of P.L.2000, c.72 (C.18A:7G-16). Notwithstanding the provisions of this section to the contrary, bonds and refunding bonds, or any indebtedness or other borrowed moneys, secured, in whole or in part, by moneys received pursuant to sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-18 and C.18A:7G-19) under this section after the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill) shall not be issued for the purposes of financing costs related to the issuance of the bonds, indebtedness, or other borrowed moneys including, but not limited to, the administrative, insurance, operating and other expenses of the financing authority to undertake the financing and the development authority to undertake the planning, design, and construction of school facilities projects. Bonds, indebtedness, or other borrowed moneys issued pursuant to this section shall also not be issued for the purposes of financing any costs related to the issuance of moneys lent to local units to pay the costs of all or a portion of school facilities projects. The administrative, insurance, operating, and other expenses of the financing authority related to undertaking the financing of school facilities projects pursuant to this section shall be supported by State appropriations. The administrative, insurance, operating, and other expenses of the development authority to undertake the planning, design, and construction of school facilities projects shall be funded by State appropriations pursuant to paragraph (2) of subsection o. of section 4 of P.L.2007, c.137, (C.52:18A-238). Bonds and refunding bonds, or any indebtedness or other borrowed moneys issued pursuant to this section after the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill) shall only be issued for the purposes of: financing all or a portion of the costs of school facilities projects; lending moneys to local units to pay the costs of all or a portion of school facilities projects; funding the grants to be made pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15); and financing the acquisition of school facilities projects to permit the refinancing of debt by the district pursuant to section 16 of P.L.2000, c.72 (C.18A:7G-16). The aggregate principal amount of the bonds, notes or other obligations issued by the financing authority as authorized pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) shall not exceed: $100,000,000 for the State share of costs for county vocational school district school facilities projects; $6,000,000,000 for the State share of costs for Abbott district school facilities projects; and $2,500,000,000 for the State share of costs for school facilities projects in all other districts. The aggregate principal amount of the bonds, notes or other obligations issued by the financing authority as authorized pursuant to P.L.2008, c.39 (C.18A:7G-14.1 et al.) shall not exceed: $2,900,000,000 for the State share of costs of SDA district school facilities projects; and $1,000,000,000 for the State share of costs for school facilities projects in all other districts, $50,000,000 of which shall be allocated for the State share of costs for county vocational school district school facilities projects. This limitation shall not include any bonds, notes or other obligations issued for refunding purposes.

The financing authority may establish reserve funds to further secure bonds and refunding bonds issued pursuant to this section and may issue bonds to pay for the administrative, insurance and operating costs of the financing authority and the development authority in carrying out the provisions of this act. Notwithstanding the provisions of this section to the contrary, the proceeds of bonds issued pursuant to this section after the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill) shall not pay for any costs related to the issuance of the bonds, including the administrative, insurance and operating costs of the financing authority and the development authority in carrying out the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.). Such costs of the financing authority shall be supported by State appropriations. Such costs of the development authority shall be funded by State appropriations pursuant to paragraph (2) of subsection o. of section 4 of P.L.2007, c.137, (C.52:18A-238). In addition to its bonds and refunding bonds, the financing authority shall have the power to issue subordinated indebtedness, which shall be subordinate in lien to the lien of any or all of its bonds or refunding bonds as the financing authority may determine.

b. The financing authority shall issue the bonds or refunding bonds in such manner as it shall determine in accordance with the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80 (C.34:1B-1 et seq.), and P.L.2007, c.137 (C.52:18A-235 et al.); provided that notwithstanding any other law to the contrary, no resolution adopted by the financing authority authorizing the issuance of bonds or refunding bonds pursuant to this section shall be adopted or otherwise made effective without the approval in writing of the State Treasurer; and refunding bonds issued to refund bonds issued pursuant to this section shall be issued on such terms and conditions as may be determined by the financing authority and the State Treasurer. The financing authority may, in any resolution authorizing the issuance of bonds or refunding bonds issued pursuant to this section, pledge the contract with the State Treasurer provided for pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18), or any part thereof, or may pledge all or any part of the repayments of loans made to local units pursuant to section 19 of P.L.2000, c.72 (C.18A:7G-19) for the payment or redemption of the bonds or refunding bonds, and covenant as to the use and disposition of money available to the financing authority for payment of the bonds and refunding bonds. All costs associated with the issuance of bonds and refunding bonds by the financing authority for the purposes set forth in this act may be paid by the financing authority from amounts it receives from the proceeds of the bonds or refunding bonds, and from amounts it receives pursuant to sections 17, 18, and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-18 and C.18A:7G-19). The costs may include, but shall not be limited to, any costs relating to the issuance of the bonds or refunding bonds, administrative costs of the financing authority attributable to the making and administering of loans and grants to fund school facilities projects, and costs attributable to the agreements entered into pursuant to subsection d. of this section. Notwithstanding the provisions of this section to the contrary, the proceeds of bonds and refunding bonds that are issued pursuant to this section after the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill) shall not pay for the administrative costs of the financing authority associated with the issuance of the bonds and refunding bonds, including, but not limited to, administrative costs of the financing authority attributable to the making and administering of loans and grants to fund school facilities projects, and costs attributable to the agreements entered into pursuant to subsection d. of this section. Such costs of the financing authority shall be supported by State appropriations.

c. Each issue of bonds or refunding bonds of the financing authority shall be special obligations of the financing authority payable out of particular revenues, receipts or funds, subject only to any agreements with the holders of bonds or refunding bonds, and may be secured by other sources of revenue, including, but not limited to, one or more of the following:

(1) Pledge of the revenues and other receipts to be derived from the payment of local unit obligations and any other payment made to the financing authority pursuant to agreements with any local unit, or a pledge or assignment of any local unit obligations, and the rights and interest of the financing authority therein;

(2) Pledge of rentals, receipts and other revenues to be derived from leases or other contractual arrangements with any person or entity, public or private, including one or more local units, or a pledge or assignment of those leases or other contractual arrangements and the rights and interests of the financing authority therein;

(3) Pledge of all moneys, funds, accounts, securities and other funds, including the proceeds of the bonds;

(4) Pledge of the receipts to be derived from payments of State aid to the financing authority pursuant to section 21 of P.L.2000, c.72 (C.18A:7G-21);

(5) Pledge of the contract or contracts with the State Treasurer pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18);

(6) Pledge of any sums remitted to the local unit by donation from any person or entity, public or private, subject to the approval of the State Treasurer;

(7) A mortgage on all or any part of the property, real or personal, comprising a school facilities project then owned or thereafter to be acquired, or a pledge or assignment of mortgages made to the financing authority by any person or entity, public or private, including one or more local units and rights and interests of the financing authority therein; and

(8) The receipt of any grants, reimbursements or other payments from the federal government.

d. The resolution authorizing the issuance of bonds or refunding bonds pursuant to this section may also provide for the financing authority to enter into any revolving credit agreement, agreement establishing a line of credit or letter of credit, reimbursement agreement, interest rate exchange agreement, currency exchange agreement, interest rate floor or cap, options, puts or calls to hedge payment, currency, rate, spread or similar exposure or similar agreements, float agreements, forward agreements, insurance contracts, surety bonds, commitments to purchase or sell bonds, purchase or sale agreements, or commitments or other contracts or agreements and other security agreements approved by the financing authority in connection with the issuance of the bonds or refunding bonds pursuant to this section. In addition, the financing authority may, in anticipation of the issuance of the bonds or the receipt of appropriations, grants, reimbursements or other funds, including, without limitation, grants from the federal government for school facilities projects, issue notes, the principal of or interest on which, or both, shall be payable out of the proceeds of notes, bonds or other obligations of the financing authority or appropriations, grants, reimbursements or other funds or revenues of the financing authority.

e. The financing authority is authorized to engage, subject to the approval of the State Treasurer and in such manner as the State Treasurer shall determine, the services of financial advisors and experts, placement agents, underwriters, appraisers, and other advisors, consultants and agents as may be necessary to effectuate the financing of school facilities projects.

f. Bonds and refunding bonds issued by the financing authority pursuant to this section shall be special and limited obligations of the financing authority payable from, and secured by, funds and moneys determined by the financing authority in accordance with this section. Notwithstanding any other provision of law or agreement to the contrary, any bonds and refunding bonds issued by the financing authority pursuant to this section shall not be secured by the same property as bonds and refunding bonds issued by the financing authority to finance projects other than school facilities projects. Neither the members of the financing authority nor any other person executing the bonds or refunding bonds shall be personally liable with respect to payment of interest and principal on these bonds or refunding bonds. Bonds or refunding bonds issued pursuant to this section shall not be a debt or liability of the State or any agency or instrumentality thereof, except as otherwise provided by this subsection, either legal, moral or otherwise, and nothing contained in this act shall be construed to authorize the financing authority to incur any indebtedness on behalf of or in any way to obligate the State or any political subdivision thereof, and all bonds and refunding bonds issued by the financing authority shall contain a statement to that effect on their face.

g. The State hereby pledges and covenants with the holders of any bonds or refunding bonds issued pursuant to this act that it will not limit or alter the rights or powers vested in the financing authority by this act, nor limit or alter the rights or powers of the State Treasurer in any manner which would jeopardize the interest of the holders or any trustee of the holders, or inhibit or prevent performance or fulfillment by the financing authority or the State Treasurer with respect to the terms of any agreement made with the holders of the bonds or refunding bonds or agreements made pursuant to subsection d. of this section; except that the failure of the Legislature to appropriate moneys for any purpose of this act shall not be deemed a violation of this section.

h. The financing authority and the development authority may charge to and collect from local units, districts, the State and any other person, any fees and charges in connection with the financing authority's or development authority's actions undertaken with respect to school facilities projects, including, but not limited to, fees and charges for the financing authority's administrative, organization, insurance, operating and other expenses incident to the financing of school facilities projects, and the development authority's administrative, organization, insurance, operating, planning, design, construction management, acquisition, construction, completion and placing into service and maintenance of school facilities projects. Notwithstanding any provision of this act to the contrary, no SDA district shall be responsible for the payment of any fees and charges related to the development authority's operating expenses.

i. Upon the issuance by the financing authority of bonds pursuant to this section, other than refunding bonds, the net proceeds of the bonds shall be transferred to the development authority. The development authority shall establish five funds in which the net proceeds of the bonds issued pursuant to this section, and any State appropriations for school facilities projects, shall be deposited. The five funds shall be as follows:

(1) the SDA District Project Fund, in which shall be deposited any funds made available for the State share of costs for SDA district school facilities projects, which funds shall include, but not be limited to, the proceeds of bonds issued pursuant to subsection a. of this section for the State share of costs for SDA district school facilities projects, the proceeds of any general obligation or other bonds that may be authorized for SDA district school facilities projects, and any State appropriations for SDA district school facilities projects; the development authority shall not expend any monies from the SDA District Project Fund and shall not conduct any activities related to the construction of an SDA district school facilities projects, except for site identification and investigation, until the project is authorized by a specific appropriation of the Legislature in accordance with subparagraph (e) of paragraph (3) of subsection m. of section 5 of P.L.2000, c.72 (C.18A:7G-5);

(2) the Regular Operating District Construction and Maintenance Grants Fund, in which shall be deposited any funds made available for the State share of costs for school facilities projects in districts other than SDA districts, which funds shall include, but not be limited to, the proceeds of bonds issued pursuant to subsection a. of this section for the State share of costs for school facilities projects in districts other than SDA districts, the proceeds of any general obligation or other bonds that may be authorized for school facilities projects in districts other than SDA districts, and any State appropriations for school facilities projects in districts other than SDA districts;

(3) the Vocational-Technical School District Project Fund, in which shall be deposited any funds made available for the State share of costs for school facilities projects in county vocational school districts, which funds shall include, but not be limited to, the proceeds of bonds issued pursuant to subsection a. of this section for the State share of costs for county vocational school district school facilities projects, the proceeds of any general obligation or other bonds that may be authorized for county vocational school district school facilities projects, and any State appropriations for school facilities projects in county vocational school districts;

(4) (a) the SDA District Emergent Project Fund, in which shall be deposited any funds made available for emergent projects in SDA districts, which funds shall include, but not be limited to, the proceeds of bonds issued pursuant to subsection a. of this section for the State share of costs for SDA district emergent projects, the proceeds of any general obligation or other bonds that may be authorized for SDA district emergent projects, and any State appropriations for SDA district emergent projects;

(b) as used in this paragraph, “emergent project” means a school facilities project or other capital project eligible for State funding that would alleviate a condition that, if not corrected on an expedited basis, would render a building or facility so potentially injurious or hazardous that it causes an imminent peril to the health and safety of students or staff; and

(5) the Charter School and Renaissance School Project Construction and Maintenance Fund in which shall be deposited any funds made available for school facilities projects of charter schools or renaissance school projects located in SDA districts approved pursuant to section 4 of P.L. , c. (C. ) (pending before the Legislature as this bill), which funds shall include, but not be limited to, the proceeds of any general obligation bonds that may be authorized for SDA district charter school or renaissance school project school facilities projects or any State appropriations for SDA district charter school or renaissance school project school facilities projects.

(cf: P.L.2008, c.39, s.4)

10. Section 15 of P.L.2000, c.72 (C.18A:7G-15) is amended to read as follows:

15. a. In the case of a district other than an SDA district, for any project approved by the commissioner after the effective date of **[**this act**]** P.L.2000, c.72 (C.18A:7G-1 et al.), the district may elect to receive a one-time grant for the State share of the project in accordance with the provisions of subsection b. of this section rather than annual debt service aid under section 9 of P.L.2000, c.72 (C.18A:7G-9). The State share payable to the district shall equal the product of the project's final eligible costs and the district aid percentage or **[**40%**]** 40 percent, whichever is greater, except that if the project’s design conforms to a model school design established by the development authority pursuant to paragraph (2) of subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4), the district aid percentage shall be increased by 15 percent above the amount calculated under section 3 of P.L.2000, c.72 (C.18A:7G-3).

b. The commissioner shall establish a process for the annual allocation of grant funding. Under that process, the commissioner shall annually notify districts of the date on which the commissioner shall begin to receive applications for grant funding. A district shall have 90 days from that date to submit an application to the commissioner. The commissioner shall make a decision on a district's application within 90 days of the submission of all such applications and shall allocate the grant funding in accordance with the priority process established pursuant to paragraph (4) of subsection m. of section 5 of P.L.2000, c.72 (C.18A:7G-5).

c. The development authority shall provide grant funding for the State's share of the final eligible costs of a school facilities project pursuant to an agreement between the district and the development authority which shall, in addition to other terms and conditions, set forth the terms of disbursement of the State share. The funding of the State share shall not commence until the district secures financing for the local share.

(cf: P.L.2008, c.39, s.5)

11. Section 23 of P.L.2000, c.23 (C.18A:7G-23) is amended to read as follows:

23. a. Not less than the prevailing wage rate determined by the Commissioner of Labor and Workforce Development pursuant to the provisions of P.L.1963, c.150 (C.34:11-56.25 et seq.) shall be paid to workers employed in the performance of construction contracts in connection with any school facilities project that is undertaken by the development authority, a redevelopment entity, **[**or**]** a district, or a charter school or renaissance school project and any contractor who violates the provisions of this subsection shall be prohibited from subsequently bidding on any State or district contract.

b. Registration fees collected pursuant to P.L.1999, c.238 (C.34:11-56.48 et seq.) shall be applied toward the enforcement and administrative costs of the Division of Workplace Standards, Office of Wage and Hour Compliance, Public Contracts section and Registration section within the Department of Labor and Workforce Development.

(cf: P.L.2007, c.137, s.34)

12. Section 57 of P.L.2000, c.72 (C.18A:7G-31) is amended to read as follows:

57. a. Notwithstanding any provision of this act or any other law or regulation to the contrary, a board of education or a board of school estimate, as appropriate, may, through the adoption of a board resolution, establish a capital reserve account. The account shall be established and held in accordance with GAAP and shall be subject to annual audit. The funds in the capital reserve account shall be used to finance the district's long-range facilities plan required pursuant to subsection a. of section 4 of **[**this act**]** P.L.2000, c.72 (C.18A:7G-4) and the amount in the account shall not exceed the total amount of local funds required to implement the plan.

b. A board of education or a board of school estimate, as appropriate, may appropriate funds in the district's annual budget for the establishment of the capital reserve account pursuant to subsection a. of this section or to supplement the funds in the account as required to meet the needs of the long-range facilities plan.

c. A board of education may, by resolution of the board: transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects as contained in the district's long-range facilities plan; and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects which are included in the district's long-range facilities plan.

d. A board of education may, by resolution of the board: transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects subject to a public-private partnership agreement entered into pursuant to section 2 of P.L.2018, c.90 (C.18A:18A-60); and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects subject to a public-private partnership agreement entered into pursuant to section 2 of P.L.2018, c.90 (C.18A:18A-60).

(cf: P.L.2004, c.73, s.5)

13. (New section) a. Within 120 days of the effective date of P.L.    , c.    (C.          ) (pending before the Legislature as this bill), the Commissioner of Education, in consultation with the New Jersey Schools Development Authority, shall develop guidance for school districts concerning the incorporation of construction contract provisions that encourage the completion of construction projects on schedule. The commissioner, in consultation with the development authority, may update the guidance as the commissioner deems necessary.

b. At a minimum, the guidance shall include sample provisions that school districts may include in future issuances of construction contracts. In addition to any other considerations that the commissioner may deem appropriate, guidance shall prescribe:

(1) industry-leading penalties for the late delivery of projects by contractors; and

(2) incentives for contractors who deliver projects on time and under budget.

c. Within five days of developing the guidance, or any revision thereto, the commissioner shall post the guidance on the official Internet website of the department.

14. Section 2 of P.L.2018, c.90 (C.18A:18A-60) is amended to read as follows:

2. a. As used in this section:

"Authority" means the New Jersey Economic Development Authority established pursuant to section 4 of P.L.1974, c.80 (C.34:1B-4).

"Bundling" means the use of a solicitation for multiple projects in one single contract, through a public-private partnership project delivery method, the result of which restricts competition.

"Project" shall have the same meaning as provided in section 3 of P.L.2000, c.72 (C.18A:7G-3) for school facilities project, and shall include any infrastructure or facility used or to be used by the public or in support of a public purpose or activity.

"Public-private partnership agreement" means an agreement entered into by a school district and a private entity pursuant to this section for the purpose of permitting a private entity to assume full financial and administrative responsibility for the development, construction, reconstruction, repair, alteration, improvement, extension, operation, and maintenance of a school facilities project of, or for the benefit of, the school district.

"School district" shall have the same meaning as provided in section 3 of P.L.2000, c.72 (C.18A:7G-3) and includes a local school district, regional school district, or county special services school district or county vocational school established and operating under the provisions of Title 18A of the New Jersey Statutes that can demonstrate to the satisfaction of the Commissioner of Education and the Chief Executive Officer of the Schools Development Authority that a school facility is necessary due to overcrowding or is in need of replacement. The term "school district" shall include a charter school established under P.L.1995, c.426 (C.18A:36A-1 et seq.)

b. (1) A school district may enter into a contract with a private entity, subject to subsection f. of this section, to be referred to as a public-private partnership agreement, that permits the private entity to assume full financial and administrative responsibility for a project of, or for the benefit of, the school district**[**, provided that the project is financed in whole by the private entity**]** , except that a school district may, by resolution, draw against its capital reserve account in order to finance a portion of a project for which a school district and private entity enter into a public-private partnership agreement pursuant to the provisions of this section.

(2) A public-private partnership agreement may include an agreement under which a school district and a private entity enter into a lease of a revenue-producing public building, structure, or facility in exchange for up-front or structured financing by the private entity for the project. Under the lease agreement, the private entity shall be responsible for the management, operation, and maintenance of the building, structure, or facility. The private entity shall receive some or all, as per the agreement, of the revenue generated by the building, structure, or facility, and shall operate the building, structure, or facility in accordance with school district standards. At the end of the lease term, subsequent revenue generated by the building, structure, or facility, along with management, operation, and maintenance responsibility, shall revert to the school district. A lease agreement entered into pursuant to this section shall be limited in duration to a term of not more than 30 years. A lease agreement shall be subject to all applicable provisions of current law governing leases by a school district not inconsistent with the provisions of this section.

(3) Bundling of projects shall be prohibited under this section.

c. (1) A private entity that assumes financial and administrative responsibility for a project pursuant to this section shall not be subject to, unless otherwise set forth herein, the procurement and contracting requirements of all statutes applicable to the school district at which the project is completed, including, but not limited to, the "Public School Contracts Law," N.J.S.18A:18A-1 et seq.

(2) For the purposes of facilitating the financing of a project pursuant to this section, a public entity may become the owner or lessee of the project or the lessee of the land, or both, may become the lessee of a building, structure, or facility to which the school district holds title, may issue indebtedness in accordance with the public entity's enabling legislation and, notwithstanding any provision of law to the contrary, shall be empowered to enter into contracts with a private entity and its affiliates without being subject to the procurement and contracting requirements of any statute applicable to the public entity provided that the private entity has been selected by the school district pursuant to a solicitation of proposals or qualifications from at least two private entities. For the purposes of this subsection, a public entity shall include the New Jersey Economic Development Authority, and any project undertaken pursuant to this section of which the authority becomes the owner or lessee, or which is situated on land of which the authority becomes the lessee, shall be deemed a "project" under "The New Jersey Economic Development Authority Act," P.L.1974, c.80 (C.34:1B-1 et seq.).

(3) Prior to the commencement of work on a project, the private entity shall establish a construction account and appoint a third-party financial institution, who shall be prequalified by the State Treasurer to act as a collateral agent and manage the construction account. The construction account shall include the funding, financial instruments, or both, that shall be used to **[**fully**]** capitalize and fund the project, and the collateral agent shall maintain a full accounting of the funds and instruments in the account. The funds and instruments in the construction account shall be held in trust for the benefit of the contractor, construction manager, and design-build team involved in the project. The funds and instruments in the construction account shall not be the property of the private entity unless all amounts due to the construction account beneficiaries are paid in full. The construction account shall not be designated for more than one project.

d. Each worker employed in the construction, rehabilitation, or building maintenance services of facilities by a private entity that has entered into a public-private partnership agreement with a school district pursuant to this section shall be paid not less than the prevailing wage rate for the worker's craft or trade as determined by the Commissioner of Labor and Workforce Development pursuant to P.L.1963, c.150 (C.34:11-56.25 et seq.) and P.L.2005, c.379 (C.34:11-56.58 et seq.).

e. (1) All building construction projects under a public-private partnership agreement entered into pursuant to this section shall contain a project labor agreement. The project labor agreement shall be subject to the provisions of P.L.2002, c.44 (C.52:38-1 et seq.), and shall be in a manner that to the greatest extent possible enhances employment opportunities for individuals residing in the county of the project's location. The general contractor, construction manager, design-build team, or subcontractor for a construction project proposed in accordance with this paragraph shall be registered pursuant to the provisions of P.L.1999, c.238 (C.34:11-56.48 et seq.), and shall be classified by the Division of Property Management and Construction, or shall be prequalified by the Department of Transportation, as appropriate, to perform work on a public-private partnership project.

(2) All projects proposed in accordance with this section shall be submitted to the State Treasurer, in consultation with the Department of Education, Schools Development Authority, and the New Jersey Economic Development Authority for a review and approval in accordance with subsection f. of this section prior to the execution of the public-private partnership agreement and, when practicable, are encouraged to adhere to the Leadership in Energy and Environmental Design Green Building Rating System as adopted by the United States Green Building Council, the Green Globes Program adopted by the Green Building Initiative, or a comparable nationally recognized, accepted, and appropriate sustainable development rating system.

(3) The general contractor, construction manager, or design-build team shall be required to post a performance bond to ensure the completion of the project and a payment bond guaranteeing prompt payment of moneys due in accordance with and conforming to the requirements of N.J.S.2A:44-143 et seq.

(4) Prior to being submitted to the State Treasurer for review and approval, all projects proposed in accordance with this section shall be subject to a public hearing, the record of which shall have been kept open for a period of seven days following the conclusion of the hearing, after the ranking of proposals takes place pursuant to paragraph (5) of subsection j. of this section. The school district shall provide notice of the public hearing no less than 14 days prior to the date of the hearing. The notice shall prominently state the purpose and nature of the proposed project, and shall be published on the official Internet website of the school district and in at least one or more newspapers with Statewide circulation.

(5) Prior to entering into a public -private partnership, the school district must determine: (i) the benefits to be realized by the project, (ii) the cost of the project if it is developed by the public sector supported by comparisons to comparable projects, (iii) the maximum public contribution that the school district will allow under the public -private partnership, (iv) a comparison of the financial and non-financial benefits of the public-private partnership compared to other options including the public sector option, (v) a list of risks, liabilities and responsibilities to be transferred to the private entity and those to be retained by the school district, and (vi) if the project has a high, medium or low level of project delivery risk and how the public is protected from these risks.

(6) Prior to entering into a public- private partnership, the school district at a public hearing shall find that the project is in the best interest of the public by finding that (i) it will cost less than the public sector option, or if it costs more there are factors that warrant the additional expense, (ii) there is a public need for the project and the project is consistent with existing long-term plans, (iii) there are specific significant benefits to the project, (iv) there are specific significant benefits to using the public-private partnership instead of other options including No-Build, (v) the private development will result in timely and efficient development and operation, and (vi) the risks, liabilities and responsibilities transferred to the private entity provide sufficient benefits to warrant not using other means of procurement.

f. (1) All projects proposed in accordance with this section shall be submitted to the State Treasurer for review and approval, which shall be conducted in consultation with the Commissioner of the Department of Education and the Chief Executive Officer of the Schools Development Authority. The Commissioner of the Department of Education shall determine if a project is subject to voter approval pursuant to N.J.S.18A:24-10. If a project is subject to voter approval, such approval is required prior to progressing thru the procurement process. The projects are encouraged, when practicable, to adhere to the green building manual prepared by the Commissioner of Community Affairs pursuant to section 1 of P.L.2007, c.132 (C.52:27D-130.6).

(2) All projects proposed in accordance with this section that have a transportation component or impact the transportation infrastructure shall be submitted to the Department of Transportation. The State Treasurer shall consult with the Department of Transportation in making its final determination.

(3) (a) In order for an application to be complete and considered by the State Treasurer, the application shall include, but not be limited to: (i) a full description of the proposed public-private partnership agreement between the school district and the private developer, including all information obtained by and findings of the school district pursuant to paragraphs (4) and (5) of subsection (e) of this section; (ii) a full description of the project, including a description of any agreement for the lease of a revenue-producing facility related to the project; (iii) the estimated costs and financial documentation for the project showing the underlying financial models and assumptions that determined the estimated costs. The financial documentation must include at least three different projected estimated costs showing scenarios in which materially different economic circumstances are assumed and an explanation for how the estimated costs were determined based on the three scenarios; (iv) a timetable for completion of the construction of the project; (v) an analysis of all available funding options for the project, including an analysis of the financial viability and advisability of such project, along with evidence of the public benefit in advancing the project as a public-private partnership; (vi) a record of the public hearing held pursuant to paragraph (4) of subsection e. of this section, which shall have been kept open for a period of seven days following the conclusion of the hearing; (vii) any other requirements that the State Treasurer deems appropriate or necessary. The application shall also include a resolution by the school district's governing body of its intent to enter into a public-private partnership agreement pursuant to this section.

(b) As part of the estimated costs and financial documentation for the project, the application shall contain a long-range maintenance plan and a long-range maintenance bond and shall specify the expenditures that qualify as an appropriate investment in maintenance. The long-range maintenance plan shall be approved by the State Treasurer pursuant to regulations promulgated by the State Treasurer that reflect national building maintenance standards and other appropriate building maintenance benchmarks.

(4) The State Treasurer, in consultation with the authority, the Commissioner of the Department of Education, and the Chief Executive Officer of the Schools Development Authority, shall review all completed applications, and request additional information as is needed to make a complete assessment of the project. No public-private partnership agreement shall be executed until approval has been granted by the State Treasurer. Prior to a final decision by the State Treasurer on the application, the authority, the Department of Education, and the Schools Development Authority shall be afforded the opportunity to provide comments on the application that they deem appropriate, and the State Treasurer shall consider any comments submitted by the authority, the Department of Education, and the Schools Development Authority with respect to the application. The State Treasurer will find that: (i) the school district's assumptions regarding the project's scope, its benefits, its risks and the cost of the public sector option were fully and reasonably developed (ii) the design of the project is feasible; (iii) the experience and qualifications of the private entity; (iv) the financial plan is sound; (v) the long-range maintenance plan is adequate to protect the investment; (vi) the project is in the best interest of the public, using the criteria in paragraph (6) of subsection e. of this section; (vii) a resolution by the school district's governing body of its intent to enter into a public-private partnership agreement for the project has been received; and (viii) the term sheet for any proposed procurement contains all necessary elements.

(5) The State Treasurer, in consultation with the Commissioner of the Department of Education and Chief Executive Officer of the Schools Development Authority, may promulgate any rules and regulations necessary to implement this subsection, including, but not limited to, provisions for fees to cover administrative costs, and for the determination of minimum school district standards for the operation of the project, and for the qualification for professional services, construction contracting, and other relevant qualifications.

g. A project with an expenditure of under $50 million developed under a public-private partnership agreement shall include a requirement that precludes contractors from engaging in the project if the contractor has contributed to the private entity's financing of the project in an amount of more than 10% of the project's financing costs.

h. The power of eminent domain shall not be delegated to any private entity under the provisions of P.L.2018, c.90 (C.40A:11-52 et al.); however, a school district may dedicate any property interest, including improvements, and tangible personal property of the school district for public use in a qualifying project if the school district finds that so doing will serve the public purpose of the project by minimizing the cost of the project to the school district or reducing the delivery time of a project.

i. Any public-private partnership agreement, if appropriate, shall include provisions affirming that the agreement and any work performed under the agreement are subject to the provisions of the "Construction Industry Independent Contractor Act," P.L.2007, c.114 (C.34:20-1 et seq.). Any public-private partnership agreement will also include, at a minimum: (i) the term of the agreement, (ii) the total project cost, (iii) a completion date guarantee, (iv) a provision for damages if the private entity fails to meet the completion date, and (v) a maximum rate of return to the private entity and a provision for the distribution of excess earnings to the local government unit or to the private party for debt reduction.

j. (1) A private entity seeking to enter into a public-private partnership agreement with the school district shall be qualified by the school district as part of the procurement process, provided such process ensures that the private entity and its subcontractors and consultants, where relevant, meet at least the minimum qualifications standards promulgated by the State Treasurer, in consultation with the New Jersey Economic Development Authority, Department of Education, Schools Development Authority, and such other school district standards for qualification for professional services, construction contracting, and other qualifications applicable to the project, prior to submitting a proposal under the procurement process.

(2) A request for qualifications for a public-private partnership agreement shall be advertised at least 45 days prior to the anticipated date of receipt. The advertisement of the request for qualifications shall be published on the official Internet website of the school district and at least one or more newspapers with Statewide circulation.

(3) After the school district determines the qualified respondents utilizing, at minimum, the qualification standards promulgated by the State Treasurer, the school district shall issue a request for proposals to each qualified respondent no less than 45 days prior to the date established for submission of the proposals. The request for proposals shall include relevant technical submissions, documents, and the evaluation criteria to be used in the selection of the designated respondent. The evaluation criteria shall be, at minimum, criteria promulgated by the State Treasurer, in consultation with the New Jersey Economic Development Authority, Department of Education, and Schools Development Authority.

(4) The school district may accept unsolicited proposals from private entities for public-private partnership agreements. If the school district receives an unsolicited proposal and determines that it meets the standards of this section, the school district shall publish a notice of the receipt of the proposal on the Internet site of the school district and through advertisement in at least one or more newspapers with Statewide circulation. The school district shall also provide notice of the proposal at its next scheduled public meeting and to the State Treasurer. To qualify as an unsolicited proposal, the unsolicited proposal must at a minimum include a description of the public-private project, the estimated construction and life-cycle costs, a timeline for development, proposed plan of financing, including projected revenues, public or private, debt, equity investment, description of how the project meets needs identified in existing plans, the permits and approvals needed to develop the project from local, state and federal agencies and a projected schedule for obtaining such permits and approvals, a statement of risks, liabilities and responsibilities to be assumed by the private entity. The notice shall provide that the school district will accept, for 120 days after the initial date of publication, proposals meeting the standards of this section from other private entities for eligible projects that satisfy the same basic purpose and need. A copy of the notice shall be mailed to each municipal and county local government body in the geographic area affected by the proposal.

(5) After the proposal or proposals have been received, and any public notification period has expired, the school district shall rank the proposals in order of preference. In ranking the proposals, the school district shall rely upon, at minimum, the evaluation criteria promulgated by the State Treasurer, in consultation with the New Jersey Economic Development Authority, Department of Education, and Schools Development Authority. In addition, the local school district may consider factors that include, but may not be limited to, professional qualifications, general business terms, innovative engineering, architectural services, or cost-reduction terms, finance plans, and the need for school district funds to deliver the project and discharge the agreement. The private entity selected shall comply with all laws and regulations required by the State government entity, including but not limited to section 1 of P.L.2001, c.134 (C.52:32-44), sections 2 through 8 of P.L.1975, c.127 (C.10:5-32 to 38), section 1 of P.L.1977, c.33 (C.52:25-24.2), P.L.2005, c.51 (C.19:44A-20.13 et al.); P.L.2005, c.271 (C.40A:11-51 et al.), Executive Order No. 117 of 2008, Executive Order No. 118 of 2008, Executive Order No. 189, prior to executing the public private partnership agreement. If only one proposal is received, the school district shall negotiate in good faith and, if not satisfied with the results of the negotiations, the school district may, at its sole discretion, terminate negotiations.

(6) The school district may require, upon receipt of one or more proposals, that the private entity assume responsibility for all costs incurred by the school district before execution of the public-private partnership agreement, including costs of retaining independent experts to review, analyze, and advise the school district with respect to the proposal.

(7) The school district shall set aside one percent of each project and remit it the Public-Private Partnership Review fund established pursuant to section 8 of P.L.2018, c.90 (C.52:18A-260), for purposes of plan review and analysis required under the bill.

(8) Nothing in this section shall be construed as or deemed a waiver of the sovereign immunity of the State, the local government unit or an affected locality or public entity or any officer or employee thereof with respect to the participation in or approval of all or any part of the public-private project.

(cf: P.L.2018, c.90, s.2)

15. N.J.S.18A:21-4 is amended to read as follows:

18A:21-4. A board of education may in any school year draw against its capital reserve account, up to the amount of the balance therein, to the extent that the withdrawal is anticipated as a revenue in the school budget for the then current school year or approved by the commissioner for good cause; provided, that no money drawn from the account may be used for current expenses of the general fund or debt service payments but shall be used exclusively for capital expenses of the general fund or capital projects fund when expressly authorized as part of a referendum, except as provided for in section 2 of P.L.2018, c.90 (C.18A:18A-60).

(cf: P.L.1996, c.138, s.52)

16. Section 10 of P.L.1995, c.426 (C.18A:36A-10) is amended to read as follows:

10. A charter school may be located in part of an existing public school building, in space provided on a public work site, in a public building, or any other suitable location. In the case of a nonpublic school that converts to a charter school pursuant to the provisions of section 1 of P.L.2011, c.140 (C.18A:36A-4.1), the charter school may be located in the same school building in which the nonpublic school was located. The facility shall be exempt from public school facility regulations except those pertaining to the health or safety of the pupils. A charter school shall not construct a facility with public funds other than federal funds. Notwithstanding the provisions of this section to the contrary, a charter school located in an SDA district may construct a facility with public funds, provided that the public funds are provided for a school facilities project approved pursuant to the provisions of section 4 of P.L.    , c.    (C.        ) (pending before the Legislature as this bill).

(cf: P.L.2011, c.140, s.3)

17. Section 7 of P.L.2011, c.176 (C.18A:36C-7) is amended to read as follows:

7. a. Notwithstanding that a renaissance school project shall be constructed, controlled, operated, and managed by a nonprofit entity, and not the local board of education, it shall be a public school. However nothing contained herein shall restrict a for-profit entity from constructing a renaissance school project, or a renaissance school project from being located on land owned by a for-profit entity. Further, the renaissance school project shall be authorized to retain any business entity, however formed, whose primary purpose is the staffing, operation, and management of elementary schools, middle schools, or high schools in the United States, except as it relates to instructional services.

b. The costs of a renaissance school project including, but not limited to, the costs of land acquisition, site remediation, site development, design, construction, and any other costs required to place into service the school facility or facilities constituting the renaissance school project shall be at the sole expense of the nonprofit entity, except that a renaissance school project located in an SDA district may receive funds for the State share of a school facilities project pursuant to the provisions of section 4 of P.L. , c. (C. ) (pending before the Legislature as this bill). The nonprofit entity may use State funds to pay for a lease, debt service, or mortgage for any facility constructed or otherwise acquired.

c. Notwithstanding the provisions of the "Educational Facilities Construction and Financing Act," P.L.2000, c.72 (C.18A:7G-1 et al.), or any other law or regulation to the contrary, there shall be no State share for the costs of a renaissance school project, except that a renaissance school project located in an SDA district may receive funds for the State share of a school facilities project approved pursuant to the provisions of section 4 of P.L. , c. (C. ) (pending before the Legislature as this bill).

d. Notwithstanding the provisions of the "Public School Contracts Law," N.J.S.18A:18A-1 et seq., or any other law or regulation to the contrary, the nonprofit entity or any entity acting in cooperation with a renaissance school project shall not be subject to public bidding for goods and services, and any contracts entered into by the nonprofit entity shall not be deemed public contracts or public works; except that any contract entered into by the nonprofit entity or any entity acting in cooperation with a renaissance school project shall be deemed a public work for the purposes of the "New Jersey Prevailing Wage Act," P.L.1963, c.150 (C.34:11-56.25 et seq.), and subject to the applicable provisions of that act.

e. The renaissance school district in which a renaissance school project is located shall pay to the nonprofit entity in 12 equal monthly installments an amount per pupil equal to 95% of the district's per pupil expenditure. In addition the 12 monthly installments shall include the security categorical aid attributable to the student, a percentage of the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the renaissance school project, and if applicable 100% of preschool education aid. The district shall also pay directly to the renaissance school project any federal funds attributable to the student.

f. Renaissance school projects shall be required to meet the same testing and academic performance standards established by law and regulation for public school students, and shall meet any additional testing and academic performance standards established by the nonprofit entity and approved by the commissioner.

g. The nonprofit entity shall have complete discretion in naming the renaissance school project. The nonprofit entity may not realize a net profit from its operation of a renaissance school project. A private or parochial school shall not be eligible for renaissance school project status.

h. A nonprofit entity shall operate a renaissance school project in accordance with the contract entered into pursuant to section 6 of this act, the provisions of this act, and the laws and regulations that govern charter schools which are not inconsistent with this act.

(cf: P.L.2014, c.61, s.3)

18. Section 12 of P.L.1991, c.431 (C.40A:20-12) is amended to read as follows:

12. The rehabilitation or improvements made in the development or redevelopment of a redevelopment area or area appurtenant thereto or for a redevelopment relocation housing project, pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.), shall be exempt from taxation for a limited period as hereinafter provided. When housing is to be constructed, acquired or rehabilitated by an urban renewal entity, the land upon which that housing is situated shall be exempt from taxation for a limited period as hereinafter provided. The exemption shall be allowed when the clerk of the municipality wherein the property is situated shall certify to the municipal tax assessor that a financial agreement with an urban renewal entity for the development or the redevelopment of the property, or the provision of a redevelopment relocation housing project, or the provision of a low and moderate income housing project has been entered into and is in effect as required by P.L.1991, c.431 (C.40A:20-1 et seq.).

Delivery by the municipal clerk to the municipal tax assessor of a certified copy of the ordinance of the governing body approving the tax exemption and financial agreement with the urban renewal entity shall constitute the required certification. For each exemption granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.), upon certification as required hereunder, the tax assessor shall implement the exemption and continue to enforce that exemption without further certification by the clerk until the expiration of the entitlement to exemption by the terms of the financial agreement or until the tax assessor has been duly notified by the clerk that the exemption has been terminated.

Within 10 calendar days following the later of the effective date of an ordinance following its final adoption by the governing body approving the tax exemption or the execution of the financial agreement by the urban renewal entity, the municipal clerk shall transmit a certified copy of the ordinance and financial agreement to the chief financial officer of the county and to the county counsel for informational purposes.

Whenever an exemption status changes during a tax year, the procedure for the apportionment of the taxes for the year shall be the same as in the case of other changes in tax exemption status during the tax year. Tax exemptions granted pursuant to P.L.2003, c.125 (C.40A:12A-4.1 et al.) represent long term financial agreements between the municipality and the urban renewal entity and as such constitute a single continuing exemption from local property taxation for the duration of the financial agreement. The validity of a financial agreement or any exemption granted pursuant thereto may be challenged only by filing an action in lieu of prerogative writ within 20 days from the publication of a notice of the adoption of an ordinance by the governing body granting the exemption and approving the financial agreement. Such notice shall be published in a newspaper of general circulation in the municipality and in a newspaper of general circulation in the county if different from the municipal newspaper.

a. The financial agreement shall specify the duration of the exemption for urban renewal entities in accordance with the parameters of either paragraph (1) or paragraph (2) of this subsection:

(1) the financial agreement may specify a duration of not more than 30 years from the completion of the entire project, or unit of the project if the project is undertaken in units, or not more than 35 years from the execution of the financial agreement between the municipality and the urban renewal entity; or

(2) for each project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially, the financial agreement may specify a duration of not more than 30 years from the completion of a project, or unit of the project if the project is undertaken in units, or not more than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. As used in this subsection, "redevelopment agreement" means an agreement entered into pursuant to subsection f. of section 8 of P.L.1992, c.79 (C.40A:12A-8) between a municipality or redevelopment entity and a redeveloper.

A financial agreement may provide for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement. Nothing in this subsection shall be construed as requiring a financial agreement for a project undertaken pursuant to a redevelopment agreement which allows the redeveloper to undertake two or more projects sequentially to specify a duration within the parameters of paragraph (2) of this subsection.

b. During the term of any exemption, in lieu of any taxes to be paid on the buildings and improvements of the project and, to the extent authorized pursuant to this section, on the land, the urban renewal entity shall make payment to the municipality of an annual service charge, which shall remit a portion of that revenue to the county as provided hereinafter. In addition, the municipality may assess an administrative fee, not to exceed two percent of the annual service charge, for the processing of the application. The annual service charge for municipal services supplied to the project to be paid by the urban renewal entity for any period of exemption, shall be determined as follows:

(1) An annual amount equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the annual gross revenue from each unit of the project, if the project is undertaken in units, or from the total project, if the project is not undertaken in units. The percentage of the annual gross revenue shall not be more than 15% in the case of a low and moderate income housing project, nor less than 10% in the case of all other projects.

At the option of the municipality, or where because of the nature of the development, ownership, use or occupancy of the project or any unit thereof, if the project is to be undertaken in units, the total annual gross rental or gross shelter rent or annual gross revenue cannot be reasonably ascertained, the governing body shall provide in the financial agreement that the annual service charge shall be a sum equal to a percentage determined pursuant to this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), of the total project cost or total project unit cost determined pursuant to P.L.1991, c.431 (C.40A:20-1 et seq.) calculated from the first day of the month following the substantial completion of the project or any unit thereof, if the project is undertaken in units. The percentage of the total project cost or total project unit cost shall not be more than 2% in the case of a low and moderate income housing project, and shall not be less than 2% in the case of all other projects.

(2) In either case, the financial agreement shall establish a schedule of annual service charges to be paid over the term of the exemption period, which shall be in stages as follows:

(a) For the first stage of the exemption period, which shall commence with the date of completion of the unit or of the project, as the case may be, and continue for a time of not less than six years nor more than 15 years, as specified in the financial agreement, the urban renewal entity shall pay the municipality an annual service charge for municipal services supplied to the project in an annual amount equal to the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11). For the remainder of the period of the exemption, if any, the annual service charge shall be determined as follows:

(b) For the second stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 20% of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(c) For the third stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 40% of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater;

(d) For the fourth stage of the exemption period, which shall not be less than one year nor more than six years, as specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 60% of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater; and

(e) For the final stage of the exemption period, the duration of which shall not be less than one year and shall be specified in the financial agreement, an amount equal to either the amount determined pursuant to paragraph (1) of this subsection and section 11 of P.L.1991, c.431 (C.40A:20-11), or 80% of the amount of taxes otherwise due on the value of the land and improvements, whichever shall be greater.

If the financial agreement provides for an exemption period of less than 30 years from the completion of the entire project, less than 35 years from the execution of the financial agreement, or less than 50 years from the execution of the first financial agreement implementing a project under the redevelopment agreement, the financial agreement shall set forth a schedule of annual service charges for the exemption period which shall be based upon the minimum service charges and staged adjustments set forth in this section.

The annual service charge shall be paid to the municipality on a quarterly basis in a manner consistent with the municipality's tax collection schedule.

Each municipality which enters into a financial agreement on or after the effective date of P.L.2003, c.125 (C.40A:12A-4.1 et al.) shall remit 5 percent of the annual service charge collected by the municipality to the county in accordance with the provisions of R.S.54:4-74. If the municipality enters into a contract with a board of education pursuant to section 8 of P.L.    , c.    (C.        ) (pending before the Legislature as this bill), the municipality shall also remit to the board of education such amounts as may be required under the contract.

Against the annual service charge the urban renewal entity shall be entitled to credit for the amount, without interest, of the real estate taxes on land paid by it in the last four preceding quarterly installments.

Notwithstanding the provisions of this section or of the financial agreement, the minimum annual service charge shall be the amount of the total taxes levied against all real property in the area covered by the project in the last full tax year in which the area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the annual service charge calculated pursuant to this section or the financial agreement would be less than the minimum annual service charge.

c. All exemptions granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.) shall terminate at the time prescribed in the financial agreement.

Upon the termination of the exemption granted pursuant to the provisions of P.L.1991, c.431 (C.40A:20-1 et seq.), the project, all affected parcels, land and all improvements made thereto shall be assessed and subject to taxation as are other taxable properties in the municipality. After the date of termination, all restrictions and limitations upon the urban renewal entity shall terminate and be at an end upon the entity's rendering its final accounting to and with the municipality.

(cf: P.L.2018, c.97, s.17)

19. Section 4 of P.L.2007, c.137 (C.52:18A-238) is amended to read as follows:

4. The development authority shall have the following powers:

a. To adopt bylaws for the regulation of its affairs and the conduct of its business;

b. To adopt and have a seal and to alter the same at pleasure;

c. To sue and be sued;

d. To acquire in the name of the development authority by purchase or otherwise, on such terms and conditions and such manner as it may deem proper, or by the exercise of the power of eminent domain in the manner provided by the "Eminent Domain Act of 1971," P.L.1971, c.361 (C.20:3-1 et seq.), any lands or interests therein or other property which it may determine is reasonably necessary for any school facilities project;

e. To enter into contracts with a person upon such terms and conditions as the development authority shall determine to be reasonable, including, but not limited to, for the planning, design, construction, reconstruction, improvement, equipping, furnishing, operation and maintenance of a school facilities project and the reimbursement thereof, and to pay or compromise any claims arising therefrom;

f. To sell, convey or lease to any person all or any portion of its property, for such consideration and upon such terms as the development authority may determine to be reasonable;

g. To mortgage, pledge or assign or otherwise encumber all or any portion of any property or revenues, whenever it shall find such action to be in furtherance of the purposes of P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);

h. To grant options to purchase or renew a lease for any of its property on such terms as the development authority may determine to be reasonable;

i. To contract for and to accept any gifts or grants or loans of funds or property or financial or other aid in any form from the United States of America or any agency or instrumentality thereof, or from the State or any agency, instrumentality or political subdivision thereof, or from any other source and to comply, subject to the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.), with the terms and conditions thereof;

j. In connection with any application for assistance under P.L.2000, c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-235 et al.) or commitments therefor, to require and collect such fees and charges as the development authority shall determine to be reasonable;

k. To adopt, amend and repeal regulations to carry out the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);

l. To acquire, purchase, manage and operate, hold and dispose of real and personal property or interests therein, take assignments of rentals and leases and make and enter into all contracts, leases, agreements and arrangements necessary or incidental to the performance of its duties;

m. To purchase, acquire and take assignments of notes, mortgages and other forms of security and evidences of indebtedness;

n. To purchase, acquire, attach, seize, accept or take title to any property by conveyance or by foreclosure, and sell, lease, manage or operate any property for a use specified in P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);

o. (1) To employ consulting engineers, architects, attorneys, real estate counselors, appraisers, and such other consultants and employees as may be required in the judgment of the development authority to carry out the purposes of P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.) and to fix and pay their compensation from funds available to the development authority therefor, all without regard to the provisions of Title 11A of the New Jersey Statutes; except that, no later than one year following the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill), the development authority shall only employ staff for the purposes of program operations, construction operations, financial operations and compliance, and grant administration. The human resources, legal affairs, facilities management, administrative, and technological and information systems operations of the development authority shall be managed by the following State agencies in the manner specified:

(a) the Civil Service Commission shall exercise authority over human resource management for employees of the development authority, which shall include, but not be limited to, the process for hiring the employees and terminating their employment, and orienting, training, counseling, and appraising the employees;

(b) the Office of the Attorney General shall exercise authority over the legal affairs of the development authority, which shall include, but not be limited to, legal counsel and advice and formal representation of the development authority when needed;

(c) the Department of the Treasury shall exercise authority over facilities management and other administrative functions not identified in subparagraphs (a), (b), and (d) of this paragraph; and

(d) the Office of Information Technology shall exercise authority over the technological and information systems needs of the development authority, which shall include, but not be limited to, developing technology plans, providing technical and general technological support to employees of the development authority, and maintaining information systems and other technological infrastructure.

(2) Notwithstanding the provisions of P.L.2007, c.137 (C.52:18A-235 et al.) or any other law, rule, or regulation to the contrary, the operations of the development authority shall be funded annually through State appropriations. The Legislature shall annually appropriate such sums as are necessary to finance the operations of the development authority, as authorized under this subsection.

p. To do and perform any acts and things authorized by P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.) under, through or by means of its own officers, agents and employees, or by contract with any person;

q. To procure insurance against any losses in connection with its property, operations or assets in such amounts and from such insurers as it deems desirable;

r. To do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted in P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);

s. To construct, reconstruct, rehabilitate, improve, alter, equip, maintain or repair or provide for the construction, reconstruction, improvement, alteration, equipping or maintenance or repair of any property and lot, award and enter into construction contracts, purchase orders and other contracts with respect thereto, upon such terms and conditions as the development authority shall determine to be reasonable, including, but not limited to, reimbursement for the planning, designing, construction, reconstruction, improvement, equipping, furnishing, operation and maintenance of any such property and the settlement of any claims arising therefrom;

t. To undertake school facilities projects and to enter into agreements or contracts, execute instruments, and do and perform all acts or things necessary, convenient or desirable for the purposes of the development authority to carry out any power expressly provided pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-235 et al.), including, but not limited to, entering into contracts with the State Treasurer, the New Jersey Economic Development Authority, the Commissioner of Education, districts, and any other entity which may be required in order to carry out the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-235 et al.);

u. To enter into leases, rentals or other disposition of a real property interest in and of any school facilities project to or from any local unit pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-235 et al.);

v. To make and contract to make loans or leases to local units to finance the cost of school facilities projects and to acquire and contract to acquire bonds, notes or other obligations issued or to be issued by local units to evidence the loans or leases, all in accordance with the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.);

w. To charge to and collect from local units, the State, and any other person, any fees and charges in connection with the development authority's actions undertaken with respect to school facilities projects including, but not limited to, fees and charges for the development authority's administrative, organization, insurance, operating and other expenses incident to the planning, design, construction and placing into service and maintenance of school facilities projects.

(cf: P.L.2007, c.137, s.4)

20. This act shall take effect immediately.

STATEMENT

This bill provides various changes to the laws governing the construction of school facilities projects and the operations of the New Jersey Schools Development Authority (SDA).

A*uthorization of SDA School Facilities Projects*

The bill provides that all school facilities projects in SDA districts would be subject to prior authorization by the Legislature. Specifically, the SDA would be prohibited from expending any monies or undertaking any activities, except for site identification and investigation, related to the construction of the project until the Legislature has authorized the project. Additionally, the SDA district will not submit an application to the Commissioner of Education (commissioner) for project approval until the Legislature has authorized the project.

Under current law, the SDA is required to establish a Statewide strategic plan, which is used to determine the sequencing of school facilities projects in SDA districts and is revised no less than every five years. Under the bill, the SDA would be required to update this plan to include a description of each project, the total estimated costs of each project, and the number of full-time equivalent staff needed to support each project. In addition, the bill requires this plan to prioritize : (1) new construction projects; (2) projects located on land owned by the SDA district or other public entities; and (3) projects needed to replace school buildings that have been in use for 50 or more years.

After any update to the Statewide strategic plan, the SDA would be required to transmit the plan to the Legislature. Thereafter, the Legislature may enact legislation to authorize any school facilities project in an SDA district, provided that the Legislature is required to identify the project to be funded, the maximum final eligible costs permitted for the project, and the maximum full-time equivalent employees that the SDA may allocate to the project.

*Model School Designs*

The bill also requires the SDA, in consultation with the commissioner, to establish three model school designs for the construction of elementary, middle, and high school projects, respectively. These model school designs would establish uniform standards for the exterior and interior design of each category of school facilities projects. At a minimum, these standards would: (1) prohibit the inclusion of irregularly-shaped structures, facades, and courtyards, which designs contribute to unnecessary and imprudent construction costs; and (2) prioritize the utilization of vertical construction designs over horizontal construction, which designs preserve green space and maximize land use.

To standardize the construction of school facilities projects throughout the State, the bill requires all projects in SDA districts to conform to one of these model school designs. In addition, if a non-SDA district constructs a project that conforms to a model school design, the district aid percentage, which is used to calculate the district’s debt service aid, would be increased by 15 percent. In the event that an SDA district or a non-SDA district school facilities project requires the implementation of certain immodest or irregularly-shaped structures, but otherwise conforms to a model school design, the SDA is required to provide prior approval of the structures.

*Brownfield Site Remediation – SDA Projects*

The bill provides that if the SDA undertakes a school facilities project on behalf of a district, and the project will be constructed on a brownfield site, the SDA cannot be responsible for any remediation costs associated with the brownfield site. Under the bill, all remediation costs must be supported by the local share of the project or any other funding provided by the State or federal government to address the remediation of brownfield sites. After all remediation has been completed, the SDA may commence the construction of the project.

*School Facilities Projects of Charter Schools and Renaissance School Projects in SDA Districts*

The bill provides a State funding mechanism for school facilities projects undertaken by charter schools and renaissance school projects located in SDA districts. Under current law, charter schools are prohibited from constructing a facility with public funds other than federal funds and renaissance school projects are required to build a school facility at the sole expense of the nonprofit entity that created the school.

Under the bill, charter schools and renaissance school projects located in SDA districts would be eligible to receive funding for 100 percent of the final eligible costs of the project. To secure the funding, a charter school or renaissance school project would submit an application to the SDA for approval. The SDA would annually review the applications and thereafter create a Statewide charter school and renaissance school project facilities strategic plan to be used in the sequencing of school facilities projects of charter schools and renaissance school projects in SDA districts. The Statewide charter school and renaissance school project facilities strategic plan would include a Statewide educational priority ranking of the school facilities projects based upon the SDA’s determination of critical need. The SDA, however, is prohibited from expending any funds for these projects, except for site identification and investigation, related to the construction of the project until the Legislature has authorized the project.

*Non-SDA Projects*

The bill also provides several changes to the laws governing the construction of school facilities projects in non-SDA school districts.

Notably, the bill allows a school district to raise bonds for a school facilities project without the approval of the voters of the district if the school district enters into a contract with one or more municipalities, wherein the municipality provides the district with not less than 60 percent of the payments in lieu of taxes received from one or more designated properties, and the district pledge those monies to the repayment of the bonds. However, after entering into the contract, the school district would also be required to submit an application to the commissioner before issuing the bonds without voter approval.

Additionally, the bill permits the board of education of a district other than an SDA district to enter into an agreement with a county improvement authority or municipal redevelopment agency to construct a school facilities project and to issue bonds to finance certain portions of the project.

The bill also permits a board of education of a school district to draw against its capital reserve account in order to finance a portion of a project for which a school district and private entity enter into a public-private partnership agreement pursuant to current law. Currently, a school district may enter into a public-private partnership with a private entity provided that the project is financed in whole by the private entity. Under the bill, a board of education could, by resolution, transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects subject to a public-private partnership agreement, and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects subject to a public-private partnership agreement.

Under the bill, a school district whose school facilities project is not constructed by the development authority would also be required to ensure the project is overseen by a non-conflicted construction management service provider.

The bill also requires the commissioner, in consultation with the SDA, to develop guidance concerning the provisions contained within construction contracts. This guidance would be designed to encourage the timely delivery of construction projects and would include sample provisions that may be included in future contracts. In addition to any other considerations that the commissioner may deem appropriate, guidance would prescribe industry-leading penalties for the late delivery of projects by contractors and incentives for contractors who deliver projects on time and under budget.

*SDA Finances and Operations*

This bill provides that bonds issued by the New Jersey Economic Development Authority (EDA) for the State share of school facilities projects, the proceeds of which are transferred to SDA, will not support the costs of either agency related to the issuance of the bonds. Bonds issued after the effective date of the bill will not support the administrative, insurance, operating and other expenses of the EDA to issue the bonds. Under the bill, the costs related to the undertaking of the planning, design, and construction of school facilities projects will also not be supported by bonds issued after the effective date of the bill. These administrative costs would instead be annually supported by State appropriations.

Under current law, the State budget does not generally support the operations and administrative expenses of the SDA or the EDA; as it relates to the State school construction program, those costs are generally funded through bond proceeds issued for the purposes of funding the State share of costs for school facilities projects. This bill would amend current law to provide that, for bonds issued after the effective date of the bill, no proceeds would fund the administrative, insurance, operating and other expenses of the EDA to issue the bonds or costs of the SDA related to the undertaking of the planning, design, and construction of school facilities projects.

The bill also requires the SDA to establish four funds in which the net proceeds of the bonds issued for school facilities projects, and any State appropriations for school facilities projects, would be deposited. The four funds are as follows: (1) the SDA District Project Fund; (2) the Regular Operating District Construction and Maintenance Grants Fund; (3) the Vocational-Technical School District Project Fund; and (4) the SDA District Emergent Project Fund.

The bill requires the SDA to only employ staff for the purposes of program operations, construction operations, financial operations and compliance, and grant administration. Other operations of the SDA are to be managed by the following State agencies:

* the Civil Service Commission, for human resource management;
* the Office of the Attorney General, for the handling of the legal affairs of the SDA;
* the Department of the Treasury, for facilities management and other administrative functions; and
* the Office of Information Technology, for the technological and information systems needs of the SDA.