SENATE, No. 2603 STATE OF NEW JERSEY 221st LEGISLATURE

INTRODUCED FEBRUARY 8, 2024

Sponsored by: Senator SHIRLEY K. TURNER District 15 (Hunterdon and Mercer)

SYNOPSIS

Provides awarding of contracts for professional services by State, county, municipal, and school district through competitive contracting process.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning certain State, county, municipal, and school 2 district contracts and amending and supplementing various parts 3 of the statutory law. 4 5 BE IT ENACTED by the Senate and General Assembly of the State 6 of New Jersey: 7 8 1. Section 4 of P.L.1954, c.48 (C.52:34-9) is amended to read 9 as follows: 10 4. Any such purchase, contract or agreement may be made, negotiated or awarded pursuant to section 3 of this act when the 11 subject matter thereof consists of 12 (a) services to be performed by the contractor personally which 13 are **[**(a) of a technical and professional nature, or (b)**]** to be 14 15 performed under the supervision of the Director of the Division of 16 Purchase and Property and paid for on a time basis; or 17 (b) the purchase of perishable foods or subsistence supplies; or (c) the lease of such office space, office machinery, specialized 18 19 equipment, buildings or real property as may be required for the 20 conduct of the State's business; or 21 (d) the acquisition of any real property by gift, grant, purchase 22 or any other lawful manner in the name of and for the use of the 23 State for the purpose of the administration of the State's business in 24 accordance with appropriations made therefor when moneys are 25 required for the acquisition; or (e) supplies or services as to which the bid prices after 26 27 advertising therefor are not reasonable or have not been 28 independently arrived at in open competition; provided, that no negotiated purchase, contract or agreement may be entered into 29 30 under this paragraph after the rejection of all bids received unless 31 (a) notification of the intention to negotiate and reasonable 32 opportunity to negotiate shall have been given by the Director of 33 the Division of Purchase and Property to each responsible bidder, 34 (b) the negotiated price is lower than the lowest rejected bid price 35 of a responsible bidder, and (c) such negotiated price is the lowest 36 negotiated price offered by any responsible supplier. 37 (cf: P.L.1954, c.48, s.4) 38 39 2. (New section) a. Any contract for services to be performed 40 by a contractor personally which are of a technical and professional 41 nature, other than a contract for architectural, engineering, and land 42 surveying services awarded pursuant to P.L.1997, c.399 (C.52:34-43 9.1 et seq.), that is to be awarded by a State agency shall be publicly 44 announced prior to being awarded and contracts for these services 45 shall be negotiated on the basis of demonstrated competence and 46 qualifications for the type of technical and professional service 47 required and at fair and reasonable compensation and awarded

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

pursuant to a competitive contracting process in the manner
 provided by this section.

3 b. A professional firm that wishes to be qualified to provide 4 technical and professional services to a State agency seeking to 5 negotiate a contract or agreement for the performance of those 6 services shall file with the agency a current statement of 7 qualifications and supporting data. The statement may be filed at 8 any time during a calendar year, and a \$100 fee shall be remitted to 9 the State Treasurer each time a statement is filed. The content of 10 any such statement shall conform to such regulations with respect thereto as the State Treasurer, in accordance with the 11 12 "Administrative Procedure Act," P.L.1968, c. 410 (C.52:14B-1 et 13 seq.), shall promulgate. No statement that shall have been filed 14 more than two years prior to the publication of an advertisement 15 pursuant to this section shall be deemed to be a current statement 16 with respect to qualifications of the firm.

17 c. Notwithstanding the provisions of any other law to the 18 contrary, a contract or agreement with an agency for the 19 procurement of technical and professional services shall be publicly 20 advertised prior to the solicitation of proposals or expressions of 21 interest from interested firms. To the extent consistent with the 22 purposes and provisions of this section, the advertisement shall 23 conform to the requirements applicable under subsections (a) and 24 (b) of section 7 of P.L.1954, c.48 (C.52:34-12) or may be publicly 25 advertised through electronic means. The advertisement shall 26 include a statement of the criteria by which the agency seeking to 27 procure those services shall evaluate the qualifications of 28 professional firms and determine the order of preference to be used 29 in designating the firms most highly qualified to perform the 30 services. In addition, the advertisement shall include notice that 31 professional firms wishing to be considered for selection as a 32 potential provider of such services in connection with a proposed 33 project must have submitted to the agency a current statement of 34 qualifications and supporting data as provided in this section.

d. For each proposed contract, an agency shall evaluate current 35 36 statements of qualifications and supporting data on file with the 37 agency. The agency may solicit proposals or expressions of interest 38 unique to the specific contract that would in narrative form outline 39 concepts and methods of approach to the contract. The agency shall 40 select, in order of preference, based upon the criteria included in the 41 advertisement required by this section, at least three professional 42 firms deemed to be the most highly qualified to provide the services 43 required, except that the agency may select fewer professional firms 44 if fewer such firms responded to the solicitation or meet the 45 qualifications required for the project.

46 e. An agency which intends or expects to make, negotiate, or
47 award a contract or agreement for the procurement of technical and
48 professional services shall, before publishing an advertisement of

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notice with respect to any such contract or agreement, have adopted by regulation and have promulgated, in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), the criteria by which it shall make, with respect to any such contract or agreement, the selection of qualified firms as prescribed by this section.

7 f. Once the top three or more ranked firms have been 8 identified, each firm, at the request of the agency, shall submit a fee 9 proposal. The firms shall not be told of their ranking position at 10 that time. Using the three fee proposals to provide a general 11 guideline, an agency shall negotiate a contract with the most 12 qualified professional firm at compensation which the agency 13 determines to be fair and reasonable to the State of New Jersey. In making this determination, the agency shall take into account the 14 15 estimated value of the services to be rendered and the scope, 16 complexity, and professional nature thereof. Should the agency be 17 unable to negotiate a satisfactory contract with the professional firm 18 considered to be the most qualified at a fee the agency determines 19 to be fair and reasonable, negotiations with that professional firm 20 shall be formally terminated. The agency shall then undertake 21 negotiations with the second most qualified professional firm. 22 Failing accord with the second most qualified professional firm, the 23 agency shall formally terminate negotiations. The agency shall then 24 undertake negotiations with the third most qualified professional 25 firm. Should the agency be unable to negotiate a satisfactory 26 contract with any of the selected professional firms, it shall select 27 additional professional firms in order of their competence and 28 qualifications and it shall continue negotiations in accordance with 29 this section until an agreement is reached.

g. Nothing in this section shall preclude a State agency from
using procurement processes other than those prescribed herein if
those processes are required by the federal government or if an
emergency has been declared by the chief executive officer of the
agency.

35 h. As used in this section,

"State agency" or "agency" means any of the principal 36 37 departments in the Executive Branch of the State Government, and any division, board, bureau, office, commission or other 38 39 instrumentality within or created by such department, the Legislature of the State and any office, board, bureau or 40 41 commission within or created by the Legislative Branch, and any 42 independent State authority, commission, instrumentality or agency; 43 and

44 "Professional firm" means any individual, firm, partnership,
45 corporation, association, or other legal entity permitted by law to
46 provide technical and professional services to this State.

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48 3. Section 5 of P.L.1971, c.198 (C.40A:11-5) is amended to

1 read as follows:

2 5. Any contract the amount of which exceeds the bid threshold, 3 may be negotiated and awarded by the governing body without 4 public advertising for bids and bidding therefor and shall be 5 awarded by resolution of the governing body if:

(1) The subject matter thereof consists of:

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7 (a) (i) [Professional services. The governing body shall in each 8 instance state supporting reasons for its action in the resolution 9 awarding each contract and shall forthwith cause to be printed once, 10 in the official newspaper, a brief notice stating the nature, duration, service and amount of the contract, and that the resolution and 11 12 contract are on file and available for public inspection in the office 13 of the clerk of the county or municipality, or, in the case of a 14 contracting unit created by more than one county or municipality, of 15 the counties or municipalities creating the contracting unit; or (ii) 16 Extraordinary unspecifiable services. The application of this 17 exception shall be construed narrowly in favor of open competitive 18 bidding, whenever possible, and the Division of Local Government 19 Services is authorized to adopt and promulgate rules and regulations 20 after consultation with the Commissioner of Education limiting the 21 use of this exception in accordance with the intention herein 22 expressed. The governing body shall in each instance state 23 supporting reasons for its action in the resolution awarding each 24 contract and shall forthwith cause to be printed, in the manner set 25 forth in subsection (1) (a) (i) of this section, a brief notice of the 26 award of the contract; 27

(b) The doing of any work by employees of the contracting unit;

28 (c) The printing of legal briefs, records, and appendices to be 29 used in any legal proceeding in which the contracting unit may be a 30 party;

(d) The furnishing of a tax map or maps for the contracting unit;

(e) The purchase of perishable foods as a subsistence supply;

33 (f) The supplying of any product or the rendering of any service 34 by a public utility, which is subject to the jurisdiction of the Board of Public Utilities or the Federal Energy Regulatory Commission or 35 36 its successor, in accordance with tariffs and schedules of charges 37 made, charged or exacted, filed with the board or commission;

38 (g) The acquisition, subject to prior approval of the Attorney 39 General, of special equipment for confidential investigation;

40 (h) The printing of bonds and documents necessary to the 41 issuance and sale thereof by a contracting unit;

42 (i) Equipment repair service if in the nature of an extraordinary 43 unspecifiable service and necessary parts furnished in connection 44 with the service, which exception shall be in accordance with the 45 requirements for extraordinary unspecifiable services;

46 (j) The publishing of legal notices in newspapers as required by 47 law:

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(k) The acquisition of artifacts or other items of unique intrinsic,

1 artistic or historical character;

2 (1) Those goods and services necessary or required to prepare3 and conduct an election;

4 (m) Insurance, including the purchase of insurance coverage and
5 consultant services, which exception shall be in accordance with the
6 requirements for extraordinary unspecifiable services;

7 (n) The doing of any work by persons with disabilities8 employed by a sheltered workshop;

9 (o) The provision of any goods or services including those of a 10 commercial nature, attendant upon the operation of a restaurant by 11 any nonprofit, duly incorporated, historical society at or on any 12 historical preservation site;

13 (p) (Deleted by amendment, P.L.1999, c.440.)

14 (q) Library and educational goods and services;

15 (r) (Deleted by amendment, P.L.2005, c.212).

(s) The marketing of recyclable materials recovered through a
recycling program, or the marketing of any product intentionally
produced or derived from solid waste received at a resource
recovery facility or recovered through a resource recovery program,
including, but not limited to, refuse-derived fuel, compost materials,
methane gas, and other similar products;

(t) (Deleted by amendment, P.L.1999, c.440.)

23 (u) Contracting unit towing and storage contracts, provided that 24 all of the contracts shall be pursuant to reasonable non-exclusionary 25 and non-discriminatory terms and conditions, which may include 26 the provision of the services on a rotating basis, at the rates and 27 charges set by the municipality pursuant to section 1 of P.L.1979, 28 c.101 (C.40:48-2.49). All contracting unit towing and storage 29 contracts for services to be provided at rates and charges other than 30 those established pursuant to the terms of this paragraph shall only 31 be awarded to the lowest responsible bidder in accordance with the 32 provisions of the "Local Public Contracts Law," P.L.1971, c.198 33 (C.40A:11-1 et seq.) and without regard for the value of the 34 contract therefor;

(v) The purchase of steam or electricity from, or the rendering
of services directly related to the purchase of steam or electricity
from a qualifying small power production facility or a qualifying
cogeneration facility as defined pursuant to 16 U.S.C. s.796;

39 (w) The purchase of electricity or administrative or dispatching
40 services directly related to the transmission of purchased electricity
41 by a contracting unit engaged in the generation of electricity;

42 (x) The printing of municipal ordinances or other services
43 necessarily incurred in connection with the revision and
44 codification of municipal ordinances;

(y) An agreement for the purchase of an equitable interest in a
water supply facility or for the provision of water supply services
entered into pursuant to section 2 of P.L.1993, c.381 (C.58:28-2), or
an agreement entered into pursuant to N.J.S.40A:31-1 et al., so long

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as the agreement is entered into no later than six months after the
 effective date of P.L.1993, c.381;

3 (z) A contract for the provision of water supply services entered
4 into pursuant to P.L.1995, c.101 (C.58:26-19 et al.);

5 (aa) The cooperative marketing of recyclable materials recovered6 through a recycling program;

7 (bb) A contract for the provision of wastewater treatment 8 services entered into pursuant to P.L.1995, c.216 (C.58:27-19 et 9 al.);

10 (cc) Expenses for travel and conferences;

(dd) The provision or performance of goods or services for the support or maintenance of proprietary computer hardware and software, except that this provision shall not be utilized to acquire or upgrade non-proprietary hardware or to acquire or update nonproprietary software;

(ee) The management or operation of an airport owned by thecontracting unit pursuant to R.S.40:8-1 et seq.;

(ff) Purchases of goods and services at rates set by the Universal
Service Fund administered by the Federal Communications
Commission;

21 (gg) A contract for the provision of water supply services or 22 wastewater treatment services entered into pursuant to section 2 of 23 P.L.2002, c.47 (C.40A:11-5.1), or the designing, financing, 24 construction, operation, or maintenance, or any combination 25 thereof, of a water supply facility as defined in subsection (16) of 26 section 15 of P.L.1971, c.198 (C.40A:11-15) or a wastewater 27 treatment system as defined in subsection (19) of section 15 of 28 P.L.1971, c.198 (C.40A:11-15), or any component part or parts 29 thereof, including a water filtration system as defined in subsection 30 (16) of section 15 of P.L.1971, c.198 (C.40A:11-15); or

31 (hh) The purchase of electricity generated from a power
32 production facility that is fueled by methane gas extracted from a
33 landfill in the county of the contracting unit.

34 (2) It is to be made or entered into with the United States of
35 America, the State of New Jersey, county, or municipality, or any
36 board, body, officer, agency, or authority thereof, or any other state
37 or subdivision thereof.

38 (3) Bids have been advertised pursuant to section 4 of P.L.1971, 39 c.198 (C.40A:11-4) on two occasions and (a) no bids have been 40 received on both occasions in response to the advertisement, or (b) 41 the governing body has rejected the bids on two occasions because 42 it has determined that they are not reasonable as to price, on the 43 basis of cost estimates prepared for or by the contracting agent prior 44 to the advertising therefor, or have not been independently arrived 45 at in open competition, or (c) on one occasion no bids were received 46 pursuant to (a) and on one occasion all bids were rejected pursuant 47 to (b), in whatever sequence; a contract may then be negotiated and 48 may be awarded upon adoption of a resolution by a two-thirds

affirmative vote of the authorized membership of the governing
 body authorizing the contract; provided, however, that:

(i) A reasonable effort is first made by the contracting agent to
determine that the same or equivalent goods or services, at a cost
which is lower than the negotiated price, are not available from an
agency or authority of the United States, the State of New Jersey or
of the county in which the contracting unit is located, or any
municipality in close proximity to the contracting unit;

9 (ii) The terms, conditions, restrictions, and specifications set 10 forth in the negotiated contract are not substantially different from 11 those which were the subject of competitive bidding pursuant to 12 section 4 of P.L.1971, c.198 (C.40A:11-4); and

13 (iii) Any minor amendment or modification of any of the terms, 14 conditions, restrictions, and specifications, which were the subject 15 of competitive bidding pursuant to section 4 of P.L.1971, c.198 16 (C.40A:11-4), shall be stated in the resolution awarding the 17 contract; provided further, however, that if on the second occasion the bids received are rejected as unreasonable as to price, the 18 19 contracting agent shall notify each responsible bidder submitting 20 bids on the second occasion of its intention to negotiate, and afford 21 each bidder a reasonable opportunity to negotiate, but the governing 22 body shall not award the contract unless the negotiated price is 23 lower than the lowest rejected bid price submitted on the second 24 occasion by a responsible bidder, is the lowest negotiated price 25 offered by any responsible vendor, and is a reasonable price for 26 goods or services.

27 Whenever a contracting unit shall determine that a bid was not 28 arrived at independently in open competition pursuant to subsection 29 (3) of this section it shall thereupon notify the county prosecutor of 30 the county in which the contracting unit is located and the Attorney 31 General of the facts upon which its determination is based, and 32 when appropriate, it may institute appropriate proceedings in any 33 State or federal court of competent jurisdiction for a violation of 34 any State or federal antitrust law or laws relating to the unlawful restraint of trade. 35

36 (4) The contracting unit has solicited and received at least three 37 quotations on materials, supplies, or equipment for which a State 38 contract has been issued pursuant to section 12 of P.L.1971, c.198 39 (C.40A:11-12), and the lowest responsible quotation is at least 10 40 percent less than the price the contracting unit would be charged for 41 the identical materials, supplies, or equipment, in the same 42 quantities, under the State contract. A contract entered into 43 pursuant to this subsection may be awarded only upon adoption of a 44 resolution by the affirmative vote of two-thirds of the full 45 membership of the governing body of the contracting unit at a 46 meeting thereof authorizing the contract. A copy of the purchase 47 order relating to the contract, the requisition for purchase order, if 48 applicable, and documentation identifying the price of the materials,

1 supplies or equipment under the State contract and the State 2 contract number shall be filed with the director within five working 3 days of the award of the contract by the contracting unit. The 4 director shall notify the contracting unit of receipt of the material 5 and shall make the material available to the State Treasurer. The 6 contracting unit shall make available to the director upon request 7 any other documents relating to the solicitation and award of the 8 contract, including, but not limited to, quotations, requests for 9 quotations, and resolutions. The director periodically shall review 10 material submitted by contracting units to determine the impact of 11 the contracts on local contracting and shall consult with the State 12 Treasurer on the impact of the contracts on the State procurement 13 The director may, after consultation with the State process. 14 Treasurer, adopt rules in accordance with the "Administrative 15 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to limit the 16 use of this subsection, after considering the impact of contracts 17 awarded under this subsection on State and local contracting, or 18 after considering the extent to which the award of contracts 19 pursuant to this subsection is consistent with and in furtherance of 20 the purposes of the public contracting laws.

21 (5) Notwithstanding any provision of law, rule, or regulation to 22 the contrary, the subject matter consists of the combined collection 23 and marketing, or the cooperative combined collection and 24 marketing of recycled material recovered through a recycling 25 program, or any product intentionally produced or derived from 26 solid waste received at a resource recovery facility or recovered 27 through a resource recovery program including, but not limited to, 28 refuse-derived fuel, compost materials, methane gas, and other 29 similar products, provided that in lieu of engaging in public 30 advertising for bids and the bidding therefor, the contracting unit 31 shall, prior to commencing the procurement process, submit for 32 approval to the Director of the Division of Local Government 33 Services, a written detailed description of the process to be 34 followed in securing the services. Within 30 days after receipt of 35 the written description the director shall, if the director finds that 36 the process provides for fair competition and integrity in the 37 negotiation process, approve, in writing, the description submitted 38 by the contracting unit. If the director finds that the process does 39 not provide for fair competition and integrity in the negotiation 40 process, the director shall advise the contracting unit of the 41 deficiencies that must be remedied. If the director fails to respond 42 in writing to the contracting unit within 30 days, the procurement 43 process as described shall be deemed approved. As used in this 44 section, "collection" means the physical removal of recyclable materials from curbside or any other location selected by the 45 46 contracting unit.

47 (6) Notwithstanding any provision of law, rule, or regulation to48 the contrary, the contract is for the provision of electricity by a

1 contracting unit engaged in the distribution of electricity for retail 2 sale, for the provision of wholesale electricity by a municipal 3 shared services energy authority as defined pursuant to section 3 of 4 P.L.2015, c.129 (C.40A:66-3), or for the provision of administrative 5 or dispatching services related to the transmission of electricity, 6 provided that in lieu of engaging in public advertising for bids and 7 the bidding therefor, the contracting unit shall, prior to commencing 8 the procurement process, submit for approval to the Director of the 9 Division of Local Government Services, a written detailed 10 description of the process to be followed in securing these services. 11 The process shall be designed in a way that is appropriate to and 12 commensurate with industry practices, and the integrity of the 13 government contracting process. Within 30 days after receipt of the 14 written description, the director shall, if the director finds that the 15 process provides for fair competition and integrity in the 16 negotiation process, approve, in writing, the description submitted 17 by the contracting unit. If the director finds that the process does 18 not provide for fair competition and integrity in the negotiation 19 process, the director shall advise the contracting unit of the 20 deficiencies that must be remedied. If the director fails to respond 21 in writing to the contracting unit within 30 days, the procurement 22 process, as submitted to the director pursuant to this section, shall 23 be deemed approved.

- 24 (cf: P.L.2017, c.131, s.174)
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26 4. Section 1 of P.L.1999, c.440 (C.40A:11-4.1) is amended to 27 read as follows:

1. Notwithstanding the provisions of any law, rule, or regulation to the contrary, competitive contracting may be used, and shall be used in the case of contracts for professional services under paragraph s. of subsection b. of this section, by local contracting units in lieu of public bidding for procurement of specialized goods and services the price of which exceeds the bid threshold, for the following purposes:

a. The purchase or licensing of proprietary computer software
designed for contracting unit purposes, which may include
hardware intended for use with the proprietary software. This
subsection shall not be utilized for the purpose of acquiring general
purpose computer hardware or software;

b. The hiring of a for-profit entity or a not-for-profit entity
incorporated under Title 15A of the New Jersey Statutes for the
purpose of:

(1) the operation and management of a wastewater treatment
system, a stormwater management system, or a water supply or
distribution facility of the type described in subsection (37) of
section 15 of P.L.1971, c.198 (C.40A:11-15), provided that
competitive contracting shall not be used as a means of awarding

1 contracts pursuant to P.L.1985, c.37 (C.58:26-1 et al.) and 2 P.L.1985, c.72 (C.58:27-1 et al.); 3 (2) the operation, management or administration of recreation or 4 social service facilities or programs, which shall not include the 5 administration of benefits under the Work First New Jersey program established pursuant to P.L.1997, c.38 (C.44:10-55 et 6 7 seq.), or under General Assistance; 8 (3) the operation, management or administration of data 9 processing services; or 10 (4) the operation and management of a county hospital pursuant to the "Local Hospital Authority Law," P.L.2006, c.46 11 (C.30:9-23.15 et al.): 12 13 c. (Deleted by amendment, P.L.2009, c.4) d. Homemaker--home health services; 14 15 e. Laboratory testing services; f. Emergency medical services; 16 17 g. Contracted food services; 18 Performance of patient care services by contracted medical h. 19 staff at county hospitals, correctional facilities and long-term care 20 facilities; 21 At the option of the governing body of the contracting unit, i. 22 any good or service that is exempt from bidding pursuant to section 23 5 of P.L.1971, c.198 (C.40A:11-5); 24 j. Concessions; 25 k. The operation, management or administration of other 26 services, with the approval of the Director of the Division of Local 27 Government Services; 28 1. Maintenance, custodial, and groundskeeping services; 29 m. Consulting services; 30 n. Emergency medical billing services; 31 Property appraisal services; 0. 32 Reassessment or revaluation services; p. 33 Grant writing services; q. 34 Animal control services; r. 35 Private on-site inspection agency services, as may be s. 36 authorized by rules and regulations adopted by the Department of 37 Community Affairs; and 38 t. Professional services, other than contracts for architectural, 39 engineering, or land surveying services which shall be awarded 40 pursuant to section 5 of P.L., c. (C.) (pending before the 41 Legislature as this bill). 42 Any purpose included herein shall not be considered by a 43 contracting unit as an extraordinary unspecifiable service pursuant 44 to subparagraph (ii) of paragraph (a) of subsection (1) of section 5 45 of P.L.1971, c.198 (C.40A:11-5).

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As used in this section, "stormwater management system" means
 the same as that term is defined in section 3 of P.L.2019, c.42
 (C.40A:26B-3).

4 (cf: P.L.2022, c.139, s.3)

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6 5. (New section) a. It is the policy of this State that contracts 7 to be awarded by a contracting unit, as defined in section 2 of P.L.1971, c.198 (C.40A:11-2), for architectural, engineering, and 8 9 land surveying services shall be publicly announced prior to being 10 awarded and that contracts for these services shall be negotiated on 11 the basis of demonstrated competence and qualifications for the 12 type of professional services required and at fair and reasonable 13 compensation.

14 b. As used in this section:

"Compensation" means the basis of payment by a contracting
unit for professional architectural, engineering, or land surveying
services;

"Professional firm" means any individual, firm, partnership,
corporation, association, or other legal entity permitted by law to
provide professional architectural, engineering, or land surveying
services in this State; and

22 "Professional architectural, engineering, and land surveying 23 services" means those services, including planning, environmental, 24 and construction inspection services required for the development 25 and construction of projects, within the scope of the practice of 26 architecture, professional engineering, or professional land 27 surveying as defined by the laws of this State or those performed by 28 an architect, professional engineer, or professional land surveyor in 29 connection with his professional employment practice.

30 A professional firm which wishes to be considered qualified c. 31 to provide professional architectural, engineering, or land surveying 32 services to a contracting unit seeking to negotiate a contract or 33 agreement for the performance of such services shall file or shall 34 have filed with the contracting unit a current statement of 35 qualifications and supporting data. Such a statement may be filed at 36 any time during a calendar year, and a \$100 fee shall be remitted to 37 the contracting unit by the professional firm at the time each 38 statement is filed. No statement which shall have been filed more 39 than two years prior to the publication of an advertisement pursuant 40 to the provisions of this section shall be deemed to be a current 41 statement with respect to qualification of the firm which shall have 42 the statement to provide professional architectural, filed 43 engineering, or land surveying services under any contract or 44 agreement of which notice is given through that advertisement.

A statement of qualifications and supporting data filed with a
contracting unit under this subsection shall be a public record for all
purposes of P.L.1963, c.73 (C.47:1A-1 et seq.).

1 d. Notwithstanding any other provision of the Local Public 2 Contracts Law, P.L.1971, c.198 (C.40A:11-1 et seq.) to the 3 contrary, a contract or agreement with a contracting unit for the 4 procurement of professional architectural, engineering, or land 5 surveying services shall be publicly advertised prior to the 6 solicitation of proposals or expressions of interest from interested 7 firms. To the extent consistent with the purposes and provisions of 8 this section, the advertisement shall conform to the requirements 9 applicable to publicly bid contracts or may be publicly advertised 10 The advertisement shall include a through electronic means. 11 statement of the criteria by which the contracting unit seeking to 12 procure those professional services shall evaluate the technical qualifications of professional firms and determine the order of 13 14 preference to be used in designating the firms most highly qualified 15 to perform the services; this statement shall either set forth 16 explicitly and in full the terms of those criteria or identify them by 17 reference to the regulation or regulations in which those criteria 18 shall have been promulgated as required by this section. In 19 addition, the advertisement shall include notice that professional 20 firms wishing to be considered for selection as a potential provider 21 of such services in connection with a proposed project must have 22 submitted to the contracting unit a current statement of 23 qualifications and supporting data as prescribed in this section.

e. In the procurement of architectural, engineering, and land surveying services, no contracting unit shall make, negotiate, or award a contract or agreement for the performance of such services with or to any professional firm which has not filed with the contracting unit a current statement of qualifications and supporting data as prescribed by this section.

30 For each proposed project, a contracting unit shall evaluate f. 31 current statements of qualifications and supporting data on file with 32 the contracting unit. The contracting unit may solicit proposals or 33 expressions of interest unique to the specific project which would in 34 narrative form outline design concepts and proposed methods of 35 approach to the assignment. The contracting unit shall select, in 36 order of preference, based upon the criteria included in the 37 advertisement required by this section, at least three professional 38 firms deemed to be the most highly qualified to provide the services 39 required, except that the contracting unit may select fewer 40 professional firms if fewer such firms responded to the solicitation 41 or meet the qualifications required for the project.

g. A contracting unit which intends or expects to make,
negotiate, or award a contract or agreement for the procurement of
professional architectural, engineering, or land surveying services
shall, before publishing an advertisement of notice with respect to
any such contract or agreement, have adopted the criteria by which
it shall with respect to any such contract or agreement make the
selection of qualified firms as prescribed by this section.

1 Once the top three or more ranked firms have been h. 2 identified, each firm, at the request of the contracting unit, shall 3 submit a fee proposal. The firms shall not be told of their ranking 4 position at that time. Using the three fee proposals to provide a 5 general guideline, a contracting unit shall negotiate a contract with the most technically qualified professional firm for architectural, 6 7 engineering, or land surveying services at compensation which the 8 contracting unit determines to be fair and reasonable to the 9 contracting unit. In making this determination, the contracting unit 10 shall take into account the estimated value of the services to be 11 rendered and the scope, complexity, and professional nature thereof. 12 Should the contracting unit be unable to negotiate a satisfactory 13 contract with the professional firm considered to be the most 14 qualified at a fee the contracting unit determines to be fair and reasonable, negotiations with that professional firm shall be 15 16 formally terminated. The contracting unit shall then undertake 17 negotiations with the second most qualified professional firm. 18 Failing accord with the second most qualified professional firm, the 19 contracting unit shall formally terminate negotiations. The 20 contracting unit shall then undertake negotiations with the third 21 most qualified professional firm. Should the contracting unit be 22 unable to negotiate a satisfactory contract with any of the selected 23 professional firms, it shall select additional professional firms in 24 order of their competence and qualifications and it shall continue 25 negotiations in accordance with this section until an agreement is 26 reached.

i. Notwithstanding the provisions of any other law to the
contrary, the provisions of this section shall only apply to contracts
for architectural, engineering, and land surveying services in excess
of the bid threshold established by law.

j. Nothing in this section shall preclude a contracting unit from
 using procurement processes other than those prescribed herein if
 those processes have been approved by the federal government or
 other State statute or if an emergency has been declared by the chief
 executive officer of the contracting unit.

k. The Director of Division of Local Government Services in
the Department of Community Affairs shall adopt, in accordance
with the "Administrative Procedure Act," P.L.1968, c.410
(C.52:14B-1 et seq.), such rules and regulations as be necessary to
implement the provisions of this section.

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42 6. N.J.S.18A:18A-5 is amended to read as follows:

18A:18A-5. Exceptions to requirement for advertising. Any
contract, the amount of which exceeds the bid threshold, shall be
negotiated and awarded by the board of education by resolution at a
public meeting without public advertising for bids and bidding
therefor if

48 a. The subject matter thereof consists of:

1 (1) **[**Professional services. The board of education shall in each 2 instance state supporting reasons for its action in the resolution 3 awarding each contract and shall forthwith cause to be printed once, 4 in an official newspaper, a brief notice stating the nature, duration, 5 service and amount of the contract, and that the resolution and 6 contract are on file and available for public inspection in the office 7 of the board of education] Deleted by amendment, P.L. 8 (pending before the Legislature as this bill); с.

9 unspecifiable services (2) Extraordinary which cannot 10 reasonably be described by written specifications. The application 11 of this exception as to extraordinary unspecifiable services shall be 12 construed narrowly in favor of open competitive bidding where 13 possible and the Director of the Division of Local Government 14 Services in the Department of Community Affairs is authorized to 15 establish rules and regulations after consultation with the 16 Commissioner of Education limiting its use in accordance with the 17 intention herein expressed; and the board of education shall in each 18 instance state supporting reasons for its action in the resolution 19 awarding the contract for extraordinary unspecifiable services and 20 shall forthwith cause to be printed, in the manner set forth in 21 paragraph (1) of this subsection, a brief notice of the award of such 22 contract;

23 (3) The doing of any work by employees of the board of 24 education;

25 (4) The printing of all legal notices; and legal briefs, records and 26 appendices to be used in any legal proceeding in which the board of 27 education may be a party;

(5) Library and educational goods and services;

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29 (6) Food supplies, including food supplies for home economics 30 classes, when purchased pursuant to rules and regulations of the 31 State board and in accordance with the provisions of 32 N.J.S.18A:18A-6;

33 (7) The supplying of any product or the rendering of any service 34 by a public utility, which is subject to the jurisdiction of the Board of Public Utilities, in accordance with the tariffs and schedules of 35 36 charges made, charged and exacted, filed with said board;

37 (8) The printing of bonds and documents necessary to the 38 issuance and sale thereof by a board of education;

39 (9) Equipment repair service if in the nature of an extraordinary 40 unspecifiable service and necessary parts furnished in connection 41 with such services, which exception shall be in accordance with the 42 requirements for extraordinary unspecifiable services;

43 (10) Insurance, including the purchase of insurance coverage and 44 consultant services, which exception shall be in accordance with the 45 requirements for extraordinary unspecifiable services;

46 (11) Publishing of legal notices in newspapers as required by 47 law;

(12) The acquisition of artifacts or other items of unique

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2 intrinsic, artistic or historic character; 3 (13) Those goods and services necessary or required to prepare 4 and conduct an election; 5 (14) (Deleted by amendment, P.L.1999, c.440) 6 (15) (Deleted by amendment, P.L.1999, c.270) 7 (16) (Deleted by amendment, P.L.1999, c.440) 8 (17) The doing of any work by persons with disabilities 9 employed by a sheltered workshop; 10 (18) Expenses for travel and conferences; 11 (19) The provision or performance of goods or services for the 12 support or maintenance of proprietary computer hardware and software, except that this provision shall not be utilized to acquire 13 14 or upgrade non-proprietary hardware or acquire or update non-15 proprietary software; 16 (20) Purchases of goods and services at rates set by the Universal 17 Service Fund administered by the Federal Communications 18 Commission; (21) Goods and services paid with funds that: are raised by or 19 20 collected from students to support the purchase of student-oriented 21 items or materials, such as yearbooks, school photographs or 22 portraits, class rings, and a class gift; and are deposited in school or 23 student activity accounts; and require no budget appropriation from 24 the board of education; 25 (22) Food services provided by food service management 26 companies pursuant to procedures established by the New Jersey 27 Department of Agriculture, Bureau of Child Nutrition Programs; 28 (23) Vending machines providing food or drink. 29 b. It is to be made or entered into with the United States of 30 America, the State of New Jersey, county or municipality or any 31 board, body, officer, agency, authority or board of education or any 32 other state or subdivision thereof. 33 Bids have been advertised pursuant to N.J.S.18A:18A-4 on c.

34 two occasions and (1) no bids have been received on both occasions in response to the advertisement, or (2) the board of education has 35 rejected such bids on two occasions because it has determined that 36 37 they are not reasonable as to price, on the basis of cost estimates 38 prepared for or by the board of education prior to the advertising 39 therefor, or have not been independently arrived at in open 40 competition, or (3) on one occasion no bids were received pursuant 41 to (1) and on one occasion all bids were rejected pursuant to (2), in 42 whatever sequence; any such contract may then be negotiated and 43 may be awarded upon adoption of a resolution by a two-thirds 44 affirmative vote of the authorized membership of the board of 45 education authorizing such a contract; provided, however, that:

46 (a) A reasonable effort is first made by the board of education to
47 determine that the same or equivalent goods or services, at a cost
48 which is lower than the negotiated price, are not available from an

agency or authority of the United States, the State of New Jersey or
 of the county in which the board of education is located, or any
 municipality in close proximity to the board of education;

4 (b) The terms, conditions, restrictions and specifications set 5 forth in the negotiated contract are not substantially different from 6 those which were the subject of competitive bidding pursuant to 7 N.J.S.18A:18A-4; and

8 (c) Any minor amendment or modification of any of the terms, 9 conditions, restrictions and specifications which were the subject of 10 competitive bidding pursuant to N.J.S.18A:18A-4 shall be stated in 11 the resolution awarding the contract; provided further, however, 12 that if on the second occasion the bids received are rejected as 13 unreasonable as to price, the board of education shall notify each 14 responsible bidder submitting bids on the second occasion of its 15 intention to negotiate, and afford each bidder a reasonable 16 opportunity to negotiate, but the board of education shall not award 17 such contract unless the negotiated price is lower than the lowest 18 rejected bid price submitted on the second occasion by a 19 responsible bidder, is the lowest negotiated price offered by any 20 responsible vendor, and is a reasonable price for such goods or 21 services.

22 d. Whenever a board of education shall determine that a bid 23 was not arrived at independently in open competition pursuant to 24 subsection c.(2) of N.J.S.18A:18A-5, it shall thereupon notify the 25 county prosecutor of the county in which the board of education is 26 located and the Attorney General of the facts upon which its 27 determination is based, and when appropriate, it may institute 28 appropriate proceedings in any State or federal court of competent 29 jurisdiction for a violation of any State or federal antitrust law or 30 laws relating to the unlawful restraint of trade.

31 The board of education has solicited and received at least e. 32 three quotations on materials, supplies or equipment for which a 33 State contract has been issued pursuant to N.J.S.18A:18A-10, and 34 the lowest responsible quotation is at least 10% less than the price 35 the board would be charged for the identical materials, supplies or 36 equipment, in the same quantities, under the State contract. Any 37 such contract or agreement entered into pursuant to subsection c. or 38 subsection e. may be made, negotiated or awarded only upon 39 adoption of a resolution by the affirmative vote of two-thirds of the 40 full membership of the board of education at a meeting thereof 41 authorizing such a contract or agreement. The purchase order 42 relating to any such contract shall include a notation that the 43 material, supplies, or equipment was purchased at least 10% below 44 the State contract price. The board of education shall make 45 available to the Director of the Division of Local Government 46 Services in the Department of Community Affairs, upon request, 47 any documents relating to the solicitation and award of the contract,

1 including, but not limited to, quotations, requests for quotations, 2 and resolutions. 3 (cf: P.L.2007, c.42, s.2) 4 5 7. Section 45 of P.L.1999, c.440 (C.18A:18A-4.1) is amended 6 to read as follows: 7 45. Notwithstanding the provisions of any law, rule or regulation 8 to the contrary, competitive contracting may be used, and shall be 9 used in the case of contracts for professional services under 10 paragraph 1. of subsection b. of this section, by boards of education 11 in lieu of public bidding for procurement of specialized goods and 12 services the price of which exceeds the bid threshold, for the 13 following purposes: 14 a. The purchase or licensing of proprietary computer software designed for board of education purposes, which may include 15 16 hardware intended for use with the proprietary software. This subsection shall not be utilized for the purpose of acquiring general 17 18 purpose computer hardware or software; 19 b. The hiring of a for-profit entity or a not-for-profit entity 20 incorporated under Title 15A of the New Jersey Statutes for the 21 purpose of: 22 (1) the operation, management or administration of recreation or 23 social service facilities or programs; or 24 (2) the operation, management or administration of data 25 processing services; 26 c. Services performed by an organization engaged in providing 27 energy conservation education and training services to train 28 employees of a board of education to reduce consumption of 29 energy; 30 d. Telecommunications transmission or switching services that 31 are not part of a tariff or schedule of charges filed with the Board of 32 Public Utilities; e. 33 The purchase of specialized machinery or equipment of a 34 technical nature, or servicing thereof, which will not reasonably 35 permit the drawing of specifications; 36 Food services provided by food service management f. 37 companies when not part of programs administered by the New 38 Jersey Department of Agriculture, Bureau of Child Nutrition 39 Programs; 40 g. Driver education courses provided by licensed driver 41 education schools; 42 h. At the option of the board of education, any good or service 43 that is exempt from bidding pursuant to N.J.S.18A:18A-5; 44 i. Laboratory testing services; 45 j. Concessions; The operation, management or administration of other 46 k. 47 services, with the approval of the Division of Local Government 48 Services in the Department of Community Affairs; and

1 1. Professional services, other than contracts for architectural, 2 engineering, or land surveying services which shall be awarded pursuant to section 8 of P.L., c. (C.) (pending before the 3 4 Legislature as this bill). 5 Any purpose included herein shall not be considered by a board 6 of education as an extraordinary unspecifiable service pursuant to 7 paragraph (2) of subsection a. of N.J.S.18A:18A-5. 8 (cf: P.L.2009, c.4, s.2) 9 10 8. (New section) a. It is the policy of this State that contracts 11 to be awarded by a board of education, as defined in 12 N.J.S.18A:18A-2, for architectural, engineering, and land surveying 13 services shall be publicly announced prior to being awarded and 14 that contracts for these services shall be negotiated on the basis of 15 demonstrated competence and qualifications for the type of 16 professional services required and at fair and reasonable 17 compensation. 18 b. As used in this section: "Compensation" means the basis of payment by a board of education for professional architectural, engineering, or land surveying services; "Professional firm" means any individual, firm, partnership, corporation, association, or other legal entity permitted by law to provide professional architectural, engineering, or land surveying services in this State; and "Professional architectural, engineering, and land surveying services" means those services, including planning, environmental, and construction inspection services required for the development and construction of projects, within the scope of the practice of architecture, professional engineering, or professional land surveying as defined by the laws of this State or those performed by an architect, professional engineer, or professional land surveyor in connection with his professional employment practice. 34 A professional firm which wishes to be considered qualified c. to provide professional architectural, engineering, or land surveying services to a board of education seeking to negotiate a contract or agreement for the performance of such services shall file or shall have filed with the board of education a current statement of qualifications and supporting data. Such a statement may be filed at any time during a calendar year, and a \$100 fee shall be remitted to the board of education by the professional firm at the time each statement is filed. No statement which shall have been filed more than two years prior to the publication of an advertisement pursuant to the provisions of this section shall be deemed to be a current statement with respect to qualification of the firm which shall have filed the statement to provide professional architectural, engineering, or land surveying services under any contract or agreement of which notice is given through that advertisement.

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1 A statement of qualifications and supporting data filed with a 2 board of education under this subsection shall be a public record for 3 all purposes of P.L.1963, c.73 (C.47:1A-1 et seq.).

4 d. Notwithstanding any other provision of the Public School 5 Contracts Law, N.J.S.18A:18A-1 et seq., to the contrary, a contract 6 or agreement with an board of education for the procurement of 7 professional architectural, engineering, or land surveying services 8 shall be publicly advertised prior to the solicitation of proposals or 9 expressions of interest from interested firms. To the extent 10 consistent with the purposes and provisions of this section, the 11 advertisement shall conform to the requirements applicable to 12 publicly bid contracts or may be publicly advertised through 13 electronic means. The advertisement shall include a statement of 14 the criteria by which the board of education seeking to procure 15 those professional services shall evaluate the technical 16 qualifications of professional firms and determine the order of 17 preference to be used in designating the firms most highly qualified 18 to perform the services; this statement shall either set forth 19 explicitly and in full the terms of those criteria or identify them by 20 reference to the regulation or regulations in which those criteria 21 shall have been promulgated as required by this section. In 22 addition, the advertisement shall include notice that professional 23 firms wishing to be considered for selection as a potential provider 24 of such services in connection with a proposed project must have 25 submitted to the board of education a current statement of 26 qualifications and supporting data as prescribed in this section.

e. In the procurement of architectural, engineering, and land surveying services, no board of education shall make, negotiate, or award a contract or agreement for the performance of such services with or to any professional firm which has not filed with the board of education a current statement of qualifications and supporting data as prescribed by this section.

33 For each proposed project, a board of education shall f. 34 evaluate current statements of qualifications and supporting data on file with the board of education. The board of education may solicit 35 36 proposals or expressions of interest unique to the specific project 37 which would in narrative form outline design concepts and 38 proposed methods of approach to the assignment. The board of 39 education shall select, in order of preference, based upon the 40 criteria included in the advertisement required by this section, at 41 least three professional firms deemed to be the most highly 42 qualified to provide the services required, except that the board of 43 education may select fewer professional firms if fewer such firms 44 responded to the solicitation or meet the qualifications required for 45 the project.

g. A board of education which intends or expects to make,
negotiate, or award a contract or agreement for the procurement of
professional architectural, engineering, or land surveying services

shall, before publishing an advertisement of notice with respect to
any such contract or agreement, have adopted the criteria by which
it shall with respect to any such contract or agreement make the
selection of qualified firms as prescribed by this section.

5 h. Once the top three or more ranked firms have been 6 identified, each firm, at the request of the board of education, shall 7 submit a fee proposal. The firms shall not be told of their ranking 8 position at that time. Using the three fee proposals to provide a 9 general guideline, a board of education shall negotiate a contract 10 with the most technically qualified professional firm for 11 architectural, engineering, or land surveying services at 12 compensation which the board of education determines to be fair and reasonable to the board of education. 13 In making this 14 determination, the board of education shall take into account the 15 estimated value of the services to be rendered and the scope, 16 complexity, and professional nature thereof. Should the board of 17 education be unable to negotiate a satisfactory contract with the professional firm considered to be the most qualified at a fee the 18 19 board of education determines to be fair and reasonable, 20 negotiations with that professional firm shall be formally The board of education shall then undertake 21 terminated. 22 negotiations with the second most qualified professional firm. 23 Failing accord with the second most qualified professional firm, the 24 board of education shall formally terminate negotiations. The board 25 of education shall then undertake negotiations with the third most 26 qualified professional firm. Should the board of education be 27 unable to negotiate a satisfactory contract with any of the selected professional firms, it shall select additional professional firms in 28 29 order of their competence and qualifications and it shall continue 30 negotiations in accordance with this section until an agreement is 31 reached.

i. Notwithstanding the provisions of any other law to the
contrary, the provisions of this section shall only apply to contracts
for architectural, engineering, and land surveying services in excess
of the bid threshold established by law.

j. Nothing in this section shall preclude a board of education
from using procurement processes other than those prescribed
herein if those processes have been approved by the federal
government or other State statute or if an emergency has been
declared by the chief executive officer of the board.

k. The Commissioner of Education shall adopt, in accordance
with the "Administrative Procedure Act," P.L.1968, c.410
(C.52:14B-1 et seq.), such rules and regulations as be necessary to
implement the provisions of this section.

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46 9. (New section) Notwithstanding the provisions of any other
47 law to the contrary, a State agency shall have discretion to continue
48 a professional services contract for legal services beyond its date of

1 expiration without following a competitive contracting process to 2 enter into a new contract when the expertise of that particular 3 provider of legal services is essential for the completion of pending 4 litigation, the completion of any construction contract, or the need 5 to properly complete other legal services, and any potential change in the provider would be detrimental to the public interest. 6

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8 10. (New section) Notwithstanding the provisions of any other 9 law to the contrary, a unit of local government shall have discretion 10 to continue a professional services contract for legal services 11 beyond its date of expiration without following a competitive 12 contracting process to enter into a new contract when the expertise 13 of that particular provider of legal services is essential for the 14 completion of pending litigation, the completion of any construction 15 contract, or the need to properly complete other legal services, and 16 any potential change in the provider would be detrimental to the 17 public interest.

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19 11. (New section) Notwithstanding the provisions of any other 20 law to the contrary, a board of education shall have discretion to 21 continue a professional services contract for legal services beyond 22 its date of expiration without following a competitive contracting process to enter into a new contract when the expertise of that 23 24 particular provider of legal services is essential for the completion 25 of pending litigation, the completion of any construction contract, 26 or the need to properly complete other legal services, and any 27 potential change in the provider would be detrimental to the public 28 interest.

12. This act shall take effect immediately.

STATEMENT

Under existing law, contracts for professional and technical 35 services to be awarded by State agencies, including independent 36 37 authorities, or by counties, municipalities, and school districts may 38 be negotiated and awarded without being publicly advertising for 39 bids. This bill would provide, instead, that these contracts would be 40 subject to a competitive bidding process.

41 Contracts for architectural, engineering, and land surveying 42 services of local governments and school boards will be awarded 43 pursuant to a competitive contracting process on the basis of 44 demonstrated competence and qualifications that is similar to the 45 process for awarding of such contracts by State agencies.

46 The bill allows the continuation of a professional services 47 contract for legal services beyond the contract's expiration date 48 when the expertise of that particular provider of legal services is

- 1 essential for the completion of pending litigation, any construction
- contract, or other legal services, and any potential change in theprovider would be detrimental to the public interest.
- 4 The bill also provides that school board contracts for school
- 5 photographs or portraits, like similar items that are paid with funds
- 6 raised by or collected from students such as yearbooks and class
- 7 rings, will not be required to be publicly advertised for bids.