

P.L. 2026, CHAPTER 67, *approved August 6, 2026*
Senate, No. 4162 (*First Reprint*)

1 AN ACT concerning certain public contracts, designated as the
2 “Affordable Power Purchase Agreements Extension Act,” and
3 amending various parts 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. N.J.S.18A:18A-5 is amended to read as follows:

9 18A:18A-5. Exceptions to requirement for advertising. Any
10 contract, the amount of which exceeds the bid threshold, shall be
11 negotiated and awarded by the board of education by resolution at a
12 public meeting without public advertising for bids and bidding
13 therefor if:

14 a. The subject matter thereof consists of:

15 (1) Professional services. The board of education shall in each
16 instance state supporting reasons for its action in the resolution
17 awarding each contract and shall forthwith cause to be printed once,
18 in an official newspaper, a brief notice stating the nature, duration,
19 service, and amount of the contract and that the resolution and
20 contract are on file and available for public inspection in the office
21 of the board of education;

22 (2) Extraordinary unspecifiable services which cannot
23 reasonably be described by written specifications. The application
24 of this exception as to extraordinary unspecifiable services shall be
25 construed narrowly in favor of open competitive bidding where
26 possible and the Director of the Division of Local Government
27 Services in the Department of Community Affairs is authorized to
28 establish rules and regulations after consultation with the
29 Commissioner of Education limiting its use in accordance with the
30 intention herein expressed; and the board of education shall in each
31 instance state supporting reasons for its action in the resolution
32 awarding the contract for extraordinary unspecifiable services and
33 shall forthwith cause to be printed, in the manner set forth in
34 paragraph (1) of this subsection, a brief notice of the award of such
35 contract;

36 (3) The doing of any work by employees of the board of
37 education;

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

41 (5) Library and educational goods and services;

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly floor amendments adopted June 30, 2026.

- 1 (6) Food supplies, including food supplies for home economics
2 classes, when purchased pursuant to rules and regulations of the
3 State board and in accordance with the provisions of
4 N.J.S.18A:18A-6;
- 5 (7) The supplying of any product or the rendering of any service
6 by a public utility, which is subject to the jurisdiction of the Board
7 of Public Utilities, in accordance with the tariffs and schedules of
8 charges made, charged and exacted, filed with said board;
- 9 (8) The printing of bonds and documents necessary to the
10 issuance and sale thereof by a board of education;
- 11 (9) Equipment repair service if in the nature of an extraordinary
12 unspecifiable service and necessary parts furnished in connection
13 with such services, which exception shall be in accordance with the
14 requirements for extraordinary unspecifiable services;
- 15 (10) Insurance, including the purchase of insurance coverage
16 and consultant services, which exception shall be in accordance
17 with the requirements for extraordinary unspecifiable services;
- 18 (11) Publishing of legal notices in newspapers as required by
19 law;
- 20 (12) The acquisition of artifacts or other items of unique
21 intrinsic, artistic or historic character;
- 22 (13) Those goods and services necessary or required to prepare
23 and conduct an election;
- 24 (14) (Deleted by amendment, P.L.1999, c.440**【.】**)
- 25 (15) (Deleted by amendment, P.L.1999, c.270)**【.】**
- 26 (16) (Deleted by amendment, P.L.1999, c.440**【.】**)
- 27 (17) The doing of any work by persons with disabilities
28 employed by a sheltered workshop;
- 29 (18) Expenses for travel and conferences;
- 30 (19) The provision or performance of goods or services for the
31 support or maintenance of proprietary computer hardware and
32 software, except that this provision shall not be utilized to acquire
33 or upgrade non-proprietary hardware or acquire or update non-
34 proprietary software;
- 35 (20) Purchases of goods and services at rates set by the
36 Universal Service Fund administered by the Federal
37 Communications Commission;
- 38 (21) Goods and services paid with funds that: are raised by or
39 collected from students to support the purchase of student-oriented
40 items or materials, such as yearbooks, class rings, and a class gift;
41 and are deposited in school or student activity accounts; and require
42 no budget appropriation from the board of education;
- 43 (22) Food services provided by food service management
44 companies pursuant to procedures established by the New Jersey
45 Department of Agriculture, Bureau of Child Nutrition Programs;
- 46 (23) Vending machines providing food or drink; **【or】**

1 (24) Preschool education services provided by a licensed
2 childcare provider or Head Start program and supported by
3 preschool education aid pursuant to section 12 of P.L.2007, c.260
4 (C.18A:7F-54); or

5 (25) The extension of the term of a renewable energy contract,
6 pursuant to subsection o. of N.J.S.18A:18A-42.

7 b. It is to be made or entered into with the United States of
8 America, the State of New Jersey, county, or municipality or any
9 board, body, officer, agency, authority, or board of education or any
10 other state or subdivision thereof.

11 c. Bids have been advertised pursuant to N.J.S.18A:18A-4 on
12 two occasions and (1) no bids have been received on both occasions
13 in response to the advertisement, or (2) the board of education has
14 rejected such bids on two occasions because it has determined that
15 they are not reasonable as to price, on the basis of cost estimates
16 prepared for or by the board of education prior to the advertising
17 therefor, or have not been independently arrived at in open
18 competition, or (3) on one occasion no bids were received pursuant
19 to (1) and on one occasion all bids were rejected pursuant to (2), in
20 whatever sequence; any such contract may then be negotiated and
21 may be awarded upon adoption of a resolution by a two-thirds
22 affirmative vote of the authorized membership of the board of
23 education authorizing such a contract, provided, however, that:

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

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

34 (c) Any minor amendment or modification of any of the terms,
35 conditions, restrictions, and specifications which were the subject of
36 competitive bidding pursuant to N.J.S.18A:18A-4 shall be stated in
37 the resolution awarding the contract, provided further, however,
38 that if on the second occasion the bids received are rejected as
39 unreasonable as to price, the board of education shall notify each
40 responsible bidder submitting bids on the second occasion of its
41 intention to negotiate and afford each bidder a reasonable
42 opportunity to negotiate, but the board of education shall not award
43 such contract unless the negotiated price is lower than the lowest
44 rejected bid price submitted on the second occasion by a
45 responsible bidder, is the lowest negotiated price offered by any
46 responsible vendor, and is a reasonable price for such goods or
47 services.

1 d. Whenever a board of education shall determine that a bid
2 was not arrived at independently in open competition pursuant to
3 paragraph (2) of subsection c. of this section, it shall thereupon
4 notify the county prosecutor of the county in which the board of
5 education is located and the Attorney General of the facts upon
6 which its determination is based and when appropriate, it may
7 institute appropriate proceedings in any State or federal court of
8 competent jurisdiction for a violation of any State or federal
9 antitrust law or laws relating to the unlawful restraint of trade.

10 e. The board of education has solicited and received at least
11 three quotations on materials, supplies, or equipment for which a
12 State contract has been issued pursuant to N.J.S.18A:18A-10, and
13 the lowest responsible quotation is at least 10 percent less than the
14 price the board would be charged for the identical materials,
15 supplies, or equipment, in the same quantities, under the State
16 contract. Any such contract or agreement entered into pursuant to
17 subsection d. or subsection e. may be made, negotiated, or awarded
18 only upon adoption of a resolution by the affirmative vote of two-
19 thirds of the full membership of the board of education at a meeting
20 thereof authorizing such a contract or agreement. The purchase
21 order relating to any such contract shall include a notation that the
22 material, supplies, or equipment was purchased at least 10【%】
23 percent below the State contract price. The board of education shall
24 make available to the Director of the Division of Local Government
25 Services in the Department of Community Affairs, upon request,
26 any documents relating to the solicitation and award of the contract,
27 including, but not limited to, quotations, requests for quotations,
28 and resolutions.

29 (cf: P.L.2025, c.101, s.1)

30
31 2. N.J.S.18A:18A-42 is amended to read as follows:

32 18A:18A-42. All contracts for the provision or performance of
33 goods or services shall be awarded for a period not to exceed 24
34 consecutive months, except that contracts for professional services
35 pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 shall
36 be awarded for a period not to exceed 12 consecutive months. Any
37 board of education may award a contract for longer periods of time
38 as follows:

39 a. Supplying of:

40 (1) Fuel for heating purposes, for any term not exceeding in the
41 aggregate, three years;

42 (2) Fuel or oil for use of automobiles, autobuses, motor vehicles
43 or equipment, for any term not exceeding in the aggregate, three
44 years;

45 (3) Thermal energy produced by a cogeneration facility, for use
46 for heating or air conditioning or both, for any term not exceeding
47 40 years, when the contract is approved by the Board of Public

- 1 Utilities. For the purposes of this paragraph, "cogeneration" means
2 the simultaneous production in one facility of electric power and
3 other forms of useful energy such as heating or process steam; or
- 4 b. Plowing and removal of snow and ice, for any term not
5 exceeding in the aggregate, three years; or
- 6 c. Collection and disposal of garbage and refuse, for any term
7 not exceeding in the aggregate, three years; or
- 8 d. Data processing service, for any term of not more than seven
9 years; or
- 10 e. Insurance, including the purchase of insurance coverages,
11 insurance consultant or administrative services, and including
12 participation in a joint self-insurance fund, risk management
13 program or related services provided by a school board insurance
14 group, or participation in an insurance fund established by a county
15 pursuant to N.J.S.40A:10-6, or a joint insurance fund established
16 pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of
17 not more than three years; or
- 18 f. Leasing or servicing of automobiles, motor vehicles,
19 electronic communications equipment, machinery and equipment of
20 every nature and kind, and textbooks and non-consumable
21 instructional materials, for any term not exceeding in the aggregate,
22 five years, except that contracts for the leasing of fossil fuel school
23 buses may be awarded for any term not exceeding in the aggregate
24 10 years and contracts for the leasing of electric school buses and
25 related charging equipment and services may be awarded for any
26 term not exceeding the service life of the electric school buses.
27 Contracts awarded pursuant to this subsection shall be awarded only
28 subject to and in accordance with rules and regulations promulgated
29 by the State Board of Education; or
- 30 g. Supplying of any product or the rendering of any service by
31 a company providing voice, data, transmission, or switching
32 services, for a term not exceeding five years; or
- 33 h. (Deleted by amendment, P.L.1999, c.440[.])
- 34 i. Driver education instruction conducted by private, licensed
35 driver education schools, for any term not exceeding in the
36 aggregate, three years; or
- 37 j. (Deleted by amendment, P.L.2009, c.4)[.]
- 38 k. Any single project for the construction, reconstruction, or
39 rehabilitation of any public building, structure, or facility, or any
40 public works project, including the retention of the services of any
41 architect or engineer in connection therewith, for the length of time
42 authorized and necessary for the completion of the actual
43 construction; or
- 44 l. Laundry service and the rental, supply, and cleaning of
45 uniforms for any term of not more than three years; or
- 46 m. Food supplies and food services for any term of not more
47 than three years; or

1 n. Purchases made under a contract awarded by the Director of
2 the Division of Purchase and Property in the Department of the
3 Treasury for use by counties, municipalities, or other contracting
4 units pursuant to section 3 of P.L.1969, c.104 (C.52:25-16.1), for a
5 term not to exceed the term of that contract; or

6 o. (1) The provision or performance of goods or services for
7 the purpose of producing **[class]** Class I renewable energy, as that
8 term is defined in section 3 of P.L.1999, c.23 (C.48:3-51), at, or
9 adjacent to, buildings owned by any local board of education, the
10 entire price of which is to be established as a percentage of the
11 resultant savings in energy costs, for a total term, including any
12 extensions, not to exceed **[15]** 30 years, provided **[, however,]** that
13 these contracts shall be entered into only subject to and in
14 accordance with guidelines promulgated by the Board of Public
15 Utilities establishing a methodology for computing energy cost
16 savings and energy generation costs. The initial term of the
17 contract shall not exceed 15 years. The contract may be extended
18 for up to one or more additional terms, provided that the total term
19 of the contract, including any extensions or renewals authorized by
20 paragraphs (2) or (3) of this subsection, shall not exceed 30 years.

21 (2) Notwithstanding any law, rule, or regulation to the contrary,
22 a contract with fixed rates or amounts may be extended beyond the
23 initial 15-year term limit for up to one or more additional terms,
24 provided that the total term of the contract, including any
25 extensions or renewals, shall not exceed 30 years and the extension
26 does not result in rates or amounts that are above the greater of:

27 (a) the previously contracted rates or amounts; or

28 (b) 20 percent below the volumetric retail rate, or charges that
29 would be applicable based upon such volumetric rate, applicable to
30 the customer for purchases of electricity from the applicable electric
31 public utility at the time the extension is authorized.

32 (3) Notwithstanding any law, rule, or regulation to the contrary,
33 a contract with de-escalating or escalating prices may be extended
34 beyond the initial 15-year term limit for up to one or more
35 additional terms, provided that the total term of the contract,
36 including any extensions or renewals, shall not exceed 30 years and
37 the extension does not result in prices above the greater of:

38 (a) the level that would occur if the annual rate of de-escalation
39 or escalation applied between the second to last and last year of the
40 original contract is applied to the price in the last year of the
41 original contract and thereafter into future years; or

42 (b) the price that would result from applying the rate that is 20
43 percent below the volumetric retail rate applicable to the customer
44 for the purchase of electricity from the applicable electric public
45 utility at the time the extension is authorized; or

46 p. The provision or performance of goods or services for the
47 purpose of providing electric school buses, on-site or off-site

1 electric school bus charging infrastructure, and related maintenance
2 and other related services, or any combination thereof for a
3 specified price for a term up to the service life of the vehicle being
4 contracted; or

5 q. Preschool education services provided by a licensed
6 childcare provider or Head Start program and supported by
7 preschool education aid pursuant to section 12 of P.L.2007, c.260
8 (C.18A:7F-54), for any term of not more than three years.

9 Any contract for services other than professional services, the
10 statutory length of which contract is for three years or less, may
11 include provisions for no more than one two-year, or two one-year,
12 extensions, subject to the following limitations: (1) the contract
13 shall be awarded by resolution of the board of education upon a
14 finding by the board of education that the services are being
15 performed in an effective and efficient manner; (2) no such contract
16 shall be extended so that it runs for more than a total of five
17 consecutive years; (3) any price change included as part of an
18 extension shall be based upon the price of the original contract as
19 cumulatively adjusted pursuant to any previous adjustment or
20 extension and shall not exceed the change in the index rate for the
21 12 months preceding the most recent quarterly calculation available
22 at the time the contract is renewed; and (4) the terms and conditions
23 of the contract remain substantially the same.

24 All multiyear leases and contracts entered into pursuant to this
25 section, including any two-year or one-year extensions, except
26 contracts for insurance coverages, insurance consultant or
27 administrative services, participation or membership in a joint self-
28 insurance fund, risk management programs or related services of a
29 school board insurance group, participation in an insurance fund
30 established by a county pursuant to N.J.S.40A:10-6 or contracts for
31 thermal energy authorized pursuant to subsection a. above, and
32 contracts for the provision or performance of goods or services to
33 promote energy conservation through the production of **[class]**
34 Class I renewable energy, authorized pursuant to subsection o. of
35 this section, shall contain a clause making them subject to the
36 availability and appropriation annually of sufficient funds as may
37 be required to meet the extended obligation, or contain an annual
38 cancellation clause. All contracts shall cease to have effect at the
39 end of the contracted period and shall not be extended by any
40 mechanism or provision, unless in conformance with the "Public
41 School Contracts Law," N.J.S.18A:18A-1 et seq., except that a
42 contract may be extended by mutual agreement of the parties to the
43 contract when a board of education has commenced rebidding prior
44 to the time the contract expires or when the awarding of a contract
45 is pending at the time the contract expires.
46 (cf: P.L.2025, c.101, s.2)

1 3. Section 5 of P.L.1982, c.189 (C.18A:64A-25.5) is amended
2 to read as follows:

3 5. Any purchase, contract or agreement of the character
4 described in section 4 may be made, negotiated or awarded by the
5 county college by resolution at a public meeting of its board of
6 trustees without public advertising for bids or bidding therefor if:

7 a. The subject matter thereof consists of:

8 (1) Professional services; or

9 (2) Extraordinary unspecifiable services and products which
10 cannot reasonably be described by written specifications, subject
11 however, to procedures consistent with open public bidding
12 whenever possible; or

13 (3) Materials or supplies which are not available from more than
14 one potential bidder, including without limitation materials or
15 supplies which are patented or copyrighted; or

16 (4) The doing of any work by employees of the county college;
17 or

18 (5) The printing of all legal notices and legal briefs, records and
19 appendices to be used in any legal proceeding to which the county
20 college may be a party; or

21 (6) Textbooks, copyrighted materials, **【student produced】**
22 student-produced publications and services incidental thereto,
23 library materials including without limitation books, periodicals,
24 newspapers, documents, pamphlets, photographs, reproductions,
25 microfilms, pictorial or graphic works, musical scores, maps,
26 charts, globes, sound recordings, slides, films, filmstrips, video and
27 magnetic tapes, other printed or published matter and audiovisual
28 and other materials of a similar nature, necessary binding or
29 rebinding of library materials and specialized library services; or

30 (7) Food supplies and services including food supplies and
31 management contracts for student centers, dining rooms and
32 cafeterias; or

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

37 (9) Equipment repair service if in the nature of an extraordinary
38 unspecifiable service and necessary parts furnished in connection
39 with such services; or

40 (10) Specialized machinery or equipment of a technical nature
41 which will not reasonably permit the drawing of specifications, and
42 the procurement thereof without advertising is in the public interest;
43 or

44 (11) Insurance, including the purchase of insurance coverage
45 and consulting services, which exceptions shall be in accordance
46 with the requirements for extraordinary unspecifiable services; or

- 1 (12) Publishing of legal notices in newspapers, as required by
2 law; or
- 3 (13) The acquisition of artifacts or other items of unique
4 intrinsic, artistic or historic character; or
- 5 (14) The collection of amounts due on student loans, including
6 without limitation loans guaranteed by or made with funds of the
7 United States of America; or
- 8 (15) Professional consulting services; or
- 9 (16) Entertainment, including without limitation theatrical
10 presentations, band and other concerts, movies and other
11 audiovisual productions; or
- 12 (17) Contracts employing funds created by student activities
13 fees charged to students or otherwise raised by students, not under
14 the direct control of the college and expended by student
15 organizations; or
- 16 (18) Printing, including without limitation catalogs, yearbooks
17 and course announcements; or
- 18 (19) Providing goods or services for the use, support or
19 maintenance of proprietary computer hardware, software
20 peripherals and system development for the hardware; or
- 21 (20) Personnel recruitment and advertising, including without
22 limitation advertising seeking student enrollment; or
- 23 (21) Educational supplies, books, articles of clothing and other
24 miscellaneous articles purchased by a county college bookstore, or
25 by a service or management company under contract with a county
26 college to operate a county college **book store** bookstore for
27 resale to college students and employees; or
- 28 (22) Purchase or rental of graduation caps and gowns and award
29 certificates or plaques; or
- 30 (23) Expenses for travel or conferences; or
- 31 (24) Items available from vendors at costs below State contract
32 pricing for the same product or service, which meets or exceeds the
33 State contract terms or conditions; or
- 34 (25) The extension of the term of a renewable energy contract,
35 pursuant to subsection q. of section 28 of P.L.1982, c.189
36 (C.18A:64A-25.28).
- 37 b. It is to be made or entered into with the United States of
38 America, the State of New Jersey, a county or municipality or any
39 board, body, or officer, agency or authority or any other state or
40 subdivision thereof.
- 41 c. The county college has advertised for bids pursuant to
42 section 4 of P.L.1982, c.189 (C.18A:64A-25.4) on two occasions
43 and (i) has received no bids on both occasions in response to its
44 advertisement, or (ii) has rejected such bids on two occasions
45 because the county college has determined that they are not
46 reasonable as to price, on the basis of cost estimates prepared for or
47 by the county college prior to the advertising therefor, or have not

1 been independently arrived at in open competition, or (iii) on one
2 occasion no bids were received pursuant to (i) and on one occasion
3 all bids were rejected pursuant to (ii), in whatever sequence; any
4 such contract or agreement may then be negotiated by a two-thirds
5 affirmative vote of the authorized membership of the board of
6 trustees authorizing such contract or agreement; provided, however,
7 that:

8 (1) A reasonable effort is made by the contracting agent to
9 determine that the same or equivalent materials or supplies at a cost
10 which is lower than the negotiated price are not available from any
11 agency or authority of the United States, the State of New Jersey or
12 from the county in which the county college is located, or any
13 municipality in close proximity to the county college;

14 (2) The terms, conditions, restrictions and specifications set
15 forth in the negotiated contract or agreement are not substantially
16 different from those which were the subject of competitive bidding
17 pursuant to section 4 of P.L.1982, c.189 (C.18A:64A-25.4); and

18 (3) Any relevant amendment or modification of any of the
19 terms, conditions, restrictions and specifications, which were the
20 subject of competitive bidding pursuant to section 4 of P.L.1982,
21 c.189 (C.18A:64A-25.4), shall be stated in the resolution awarding
22 such contract or agreement; provided, further, however, that if on
23 the second occasion the bids received are rejected as unreasonable
24 as to price, the county college shall notify each responsible bidder
25 submitting bids on the second occasion of its intention to negotiate
26 and afford each such bidder a reasonable opportunity to negotiate,
27 but the county college shall not award such contract or agreement
28 unless the negotiated price is lower than the lowest rejected bid
29 price submitted on the second occasion by a responsible bidder, is
30 the lowest negotiated price offered by any responsible vendor, and
31 is a reasonable price for such work, materials, supplies or services.

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

41 (cf: P.L.2001, c.281, s.2)

42
43 4. Section 28 of P.L.1982, c.189 (C.18A:64A-25.28) is
44 amended to read as follows:

45 28. Duration of certain contracts. A county college may only
46 enter into a contract exceeding 24 consecutive months for the:

47 a. Supplying of:

- 1 (1) Fuel for heating purposes for any term not exceeding in the
- 2 aggregate three years; or
- 3 (2) Fuel or oil for use in automobiles, autobuses, motor vehicles
- 4 or equipment for any term not exceeding in the aggregate three
- 5 years; or
- 6 b. Plowing and removal of snow and ice for any term not
- 7 exceeding in the aggregate three years; or
- 8 c. Collection and disposal of garbage and refuse for any term
- 9 not exceeding in the aggregate three years; or
- 10 d. Providing goods or services for the use, support or
- 11 maintenance of proprietary computer hardware, software
- 12 peripherals and system development for the hardware for any term
- 13 of not more than five years; or
- 14 e. Insurance, including the purchase of insurance coverages,
- 15 insurance consultant or administrative services, and including
- 16 participation in a joint self-insurance fund, risk management
- 17 programs or related services provided by a county college insurance
- 18 group, or participation in an insurance fund established by a county
- 19 pursuant to N.J.S.40A:10-6, for any term of not more than three
- 20 years; or
- 21 f. Leasing or service of automobiles, motor vehicles, electronic
- 22 communications equipment, machinery and equipment of every
- 23 nature and kind for any term not exceeding in the aggregate five
- 24 years; or
- 25 g. Supplying of any product or rendering of any service by a
- 26 company providing voice, data, transmission or switching services,
- 27 for a term not exceeding five years; or
- 28 h. The providing of food supplies and services, including food
- 29 supplies and management contracts for student centers, dining
- 30 rooms and cafeterias, for a term not exceeding 30 years; or
- 31 i. (Deleted by amendment, P.L.2009, c.4).
- 32 j. Any single project for the construction, reconstruction or
- 33 rehabilitation of a public building, structure or facility, or a public
- 34 works project including the retention of the services of an architect
- 35 or engineer in connection with the project, for the length of time
- 36 necessary for the completion of the actual construction; or
- 37 k. The management and operation of bookstores for a term not
- 38 exceeding 30 years; or
- 39 l. Custodial or janitorial services for any term not exceeding in
- 40 the aggregate three years; or
- 41 m. Child care services for a term not exceeding three years; or
- 42 n. Security services for a term not exceeding three years; or
- 43 o. Ground maintenance services for a term not exceeding three
- 44 years; or
- 45 p. Laundering, dry-cleaning or rental of uniforms for a term not
- 46 exceeding three years; or

1 q. (1) The performance of work or services or the furnishing of
2 materials and supplies for the purpose of producing **Class** I
3 renewable energy, as that term is defined in section 3 of P.L.1999,
4 c.23 (C.48:3-51), at, or adjacent to, buildings owned by, or
5 operations conducted by, the contracting unit, the entire price of
6 which is to be established as a percentage of the resultant savings in
7 energy costs, for a total term, including any extensions, not to
8 exceed 30 years; provided~~], however,]~~ that these contracts shall be
9 entered into only subject to and in accordance with guidelines
10 promulgated by the Board of Public Utilities establishing a
11 methodology for computing energy cost savings and energy
12 generation costs. The initial term of the contract shall not exceed
13 15 years. The contract may be extended for up to one or more
14 additional terms, provided that the total term of the contract,
15 including any extensions or renewals authorized by paragraphs (2)
16 or (3) of this subsection, shall not exceed 30 years.

17 (2) Notwithstanding any law, rule, or regulation to the contrary,
18 a contract with fixed rates or amounts may be extended beyond the
19 initial 15-year term limit for up to one or more additional terms,
20 provided that the total term of the contract, including any
21 extensions or renewals, shall not exceed 30 years and the extension
22 does not result in rates or amounts that are above the greater of:

23 (a) the previously contracted rates or amounts; or

24 (b) 20 percent below the volumetric retail rate, or charges that
25 would be applicable based upon such volumetric rate, applicable to
26 the customer for purchases of electricity from the applicable electric
27 public utility at the time the extension is authorized.

28 (3) Notwithstanding any law, rule, or regulation to the contrary,
29 a contract with de-escalating or escalating prices may be extended
30 beyond the initial 15-year term limit for up to one or more
31 additional terms, provided that the total term of the contract,
32 including any extensions or renewals, shall not exceed 30 years and
33 the extension does not result in prices above the greater of:

34 (a) the level that would occur if the annual rate of de-escalation
35 or escalation applied between the second to last and last year of the
36 original contract is applied to the price in the last year of the
37 original contract and thereafter into future years; or

38 (b) the price that would result from applying the rate that is 20
39 percent below the volumetric retail rate applicable to the customer
40 for the purchase of electricity from the applicable electric public
41 utility at the time the extension is authorized.

42 All multi-year leases and contracts entered into pursuant to this
43 section, except contracts and agreements for the provision of work
44 or the supplying of equipment to promote energy conservation
45 through the production of **Class** I renewable energy and
46 authorized pursuant to subsection q. of this section, and except
47 contracts for insurance coverages, insurance consultant or

1 administrative services, participation or membership in a joint self-
2 insurance fund, risk management programs or related services of a
3 county college insurance group, and participation in an insurance
4 fund established by a county pursuant to N.J.S.40A:10-6 or a joint
5 insurance fund established pursuant to P.L.1983, c.372 (C.40A:10-
6 36 et seq.), shall contain a clause making them subject to the
7 availability and appropriation annually of sufficient funds to meet
8 the extended obligation or contain an annual cancellation clause.
9 (cf: P.L.2009, c.90, s.45)

10
11 ¹[5. Section 5 of P.L.1971, c.198 (C.40A:11-5) is amended to
12 read as follows:

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

17 (1) The subject matter thereof consists of:

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

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

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

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

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

44 (f) The supplying of any product or the rendering of any service
45 by a public utility, which is subject to the jurisdiction of the Board
46 of Public Utilities or the Federal Energy Regulatory Commission or

- 1 its successor, in accordance with tariffs and schedules of charges
2 made, charged or exacted, filed with the board or commission;
- 3 (g) The acquisition, subject to prior approval of the Attorney
4 General, of special equipment for confidential investigation;
- 5 (h) The printing of bonds and documents necessary to the
6 issuance and sale thereof by a contracting unit;
- 7 (i) Equipment repair service if in the nature of an extraordinary
8 unspecifiable service and necessary parts furnished in connection
9 with the service, which exception shall be in accordance with the
10 requirements for extraordinary unspecifiable services;
- 11 (j) The publishing of legal notices in newspapers as required by
12 law;
- 13 (k) The acquisition of artifacts or other items of unique intrinsic,
14 artistic or historical character;
- 15 (l) Those goods and services necessary or required to prepare
16 and conduct an election;
- 17 (m) Insurance, including the purchase of insurance coverage and
18 consultant services, which exception shall be in accordance with the
19 requirements for extraordinary unspecifiable services;
- 20 (n) The doing of any work by persons with disabilities
21 employed by a sheltered workshop;
- 22 (o) The provision of any goods or services including those of a
23 commercial nature, attendant upon the operation of a restaurant by
24 any nonprofit, duly incorporated, historical society at or on any
25 historical preservation site;
- 26 (p) (Deleted by amendment, P.L.1999, c.440[.])
- 27 (q) Library and educational goods and services;
- 28 (r) (Deleted by amendment, P.L.2005, c.212)[.]
- 29 (s) The marketing of recyclable materials recovered through a
30 recycling program, or the marketing of any product intentionally
31 produced or derived from solid waste received at a resource
32 recovery facility or recovered through a resource recovery program,
33 including, but not limited to, refuse-derived fuel, compost materials,
34 methane gas, and other similar products;
- 35 (t) (Deleted by amendment, P.L.1999, c.440[.])
- 36 (u) Contracting unit towing and storage contracts, provided that
37 all of the contracts shall be pursuant to reasonable non-exclusionary
38 and non-discriminatory terms and conditions, which may include
39 the provision of the services on a rotating basis, at the rates and
40 charges set by the municipality pursuant to section 1 of P.L.1979,
41 c.101 (C.40:48-2.49). All contracting unit towing and storage
42 contracts for services to be provided at rates and charges other than
43 those established pursuant to the terms of this paragraph shall only
44 be awarded to the lowest responsible bidder in accordance with the
45 provisions of the "Local Public Contracts Law," P.L.1971, c.198
46 (C.40A:11-1 et seq.) and without regard for the value of the
47 contract therefor;

- 1 (v) The purchase of steam or electricity from, or the rendering
2 of services directly related to the purchase of steam or electricity
3 from a qualifying small power production facility or a qualifying
4 cogeneration facility as defined pursuant to 16 U.S.C. s.796;
- 5 (w) The purchase of electricity or administrative or dispatching
6 services directly related to the transmission of purchased electricity
7 by a contracting unit engaged in the generation of electricity;
- 8 (x) The printing of municipal ordinances or other services
9 necessarily incurred in connection with the revision and
10 codification of municipal ordinances;
- 11 (y) An agreement for the purchase of an equitable interest in a
12 water supply facility or for the provision of water supply services
13 entered into pursuant to section 2 of P.L.1993, c.381 (C.58:28-2), or
14 an agreement entered into pursuant to N.J.S.40A:31-1 et al., so long
15 as the agreement is entered into no later than six months after the
16 effective date of P.L.1993, c.381 (C.58:28-1 et al.);
- 17 (z) A contract for the provision of water supply services entered
18 into pursuant to P.L.1995, c.101 (C.58:26-19 et al.);
- 19 (aa) The cooperative marketing of recyclable materials
20 recovered through a recycling program;
- 21 (bb) A contract for the provision of wastewater treatment
22 services entered into pursuant to P.L.1995, c.216 (C.58:27-19 et
23 al.);
- 24 (cc) Expenses for travel and conferences;
- 25 (dd) The provision or performance of goods or services for the
26 support or maintenance of proprietary computer hardware and
27 software, except that this provision shall not be utilized to acquire
28 or upgrade non-proprietary hardware or to acquire or update non-
29 proprietary software;
- 30 (ee) The management or operation of an airport owned by the
31 contracting unit pursuant to R.S.40:8-1 et seq.;
- 32 (ff) Purchases of goods and services at rates set by the Universal
33 Service Fund administered by the Federal Communications
34 Commission;
- 35 (gg) A contract for the provision of water supply services or
36 wastewater treatment services entered into pursuant to section 2 of
37 P.L.2002, c.47 (C.40A:11-5.1), or the designing, financing,
38 construction, operation, or maintenance, or any combination
39 thereof, of a water supply facility as defined in subsection (16) of
40 section 15 of P.L.1971, c.198 (C.40A:11-15) or a wastewater
41 treatment system as defined in subsection (19) of section 15 of
42 P.L.1971, c.198 (C.40A:11-15), or any component part or parts
43 thereof, including a water filtration system as defined in subsection
44 (16) of section 15 of P.L.1971, c.198 (C.40A:11-15); or
- 45 (hh) The purchase of electricity generated from a power
46 production facility that is fueled by methane gas extracted from a
47 landfill in the county of the contracting unit ; or

1 (ii) The extension of the term of a renewable energy contract
2 pursuant to subsection (45) of section 15 of P.L.1971, c.198
3 (C.40A:11-15).

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

8 (3) Bids have been advertised pursuant to section 4 of P.L.1971,
9 c.198 (C.40A:11-4) on two occasions and (a) no bids have been
10 received on both occasions in response to the advertisement, or (b)
11 the governing body has rejected the bids on two occasions because
12 it has determined that they are not reasonable as to price, on the
13 basis of cost estimates prepared for or by the contracting agent prior
14 to the advertising therefor, or have not been independently arrived
15 at in open competition, or (c) on one occasion no bids were received
16 pursuant to (a) and on one occasion all bids were rejected pursuant
17 to (b), in whatever sequence; a contract may then be negotiated and
18 may be awarded upon adoption of a resolution by a two-thirds
19 affirmative vote of the authorized membership of the governing
20 body authorizing the contract; provided, however, that:

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

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

31 (iii) Any minor amendment or modification of any of the terms,
32 conditions, restrictions, and specifications, which were the subject
33 of competitive bidding pursuant to section 4 of P.L.1971, c.198
34 (C.40A:11-4), shall be stated in the resolution awarding the
35 contract; provided further, however, that if on the second occasion
36 the bids received are rejected as unreasonable as to price, the
37 contracting agent shall notify each responsible bidder submitting
38 bids on the second occasion of its intention to negotiate, and afford
39 each bidder a reasonable opportunity to negotiate, but the governing
40 body shall not award the contract unless the negotiated price is
41 lower than the lowest rejected bid price submitted on the second
42 occasion by a responsible bidder, is the lowest negotiated price
43 offered by any responsible vendor, and is a reasonable price for
44 goods or services.

45 Whenever a contracting unit shall determine that a bid was not
46 arrived at independently in open competition pursuant to subsection
47 (3) of this section it shall thereupon notify the county prosecutor of

1 the county in which the contracting unit is located and the Attorney
2 General of the facts upon which its determination is based, and
3 when appropriate, it may institute appropriate proceedings in any
4 State or federal court of competent jurisdiction for a violation of
5 any State or federal antitrust law or laws relating to the unlawful
6 restraint of trade.

7 (4) The contracting unit has solicited and received at least three
8 quotations on materials, supplies, or equipment for which a State
9 contract has been issued pursuant to section 12 of P.L.1971, c.198
10 (C.40A:11-12), and the lowest responsible quotation is at least 10
11 percent less than the price the contracting unit would be charged for
12 the identical materials, supplies, or equipment, in the same
13 quantities, under the State contract. A contract entered into
14 pursuant to this subsection may be awarded only upon adoption of a
15 resolution by the affirmative vote of two-thirds of the full
16 membership of the governing body of the contracting unit at a
17 meeting thereof authorizing the contract. A copy of the purchase
18 order relating to the contract, the requisition for purchase order, if
19 applicable, and documentation identifying the price of the materials,
20 supplies or equipment under the State contract and the State
21 contract number shall be filed with the director within five working
22 days of the award of the contract by the contracting unit. The
23 director shall notify the contracting unit of receipt of the material
24 and shall make the material available to the State Treasurer. The
25 contracting unit shall make available to the director upon request
26 any other documents relating to the solicitation and award of the
27 contract, including, but not limited to, quotations, requests for
28 quotations, and resolutions. The director periodically shall review
29 material submitted by contracting units to determine the impact of
30 the contracts on local contracting and shall consult with the State
31 Treasurer on the impact of the contracts on the State procurement
32 process. The director may, after consultation with the State
33 Treasurer, adopt rules in accordance with the "Administrative
34 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to limit the
35 use of this subsection, after considering the impact of contracts
36 awarded under this subsection on State and local contracting, or
37 after considering the extent to which the award of contracts
38 pursuant to this subsection is consistent with and in furtherance of
39 the purposes of the public contracting laws.

40 (5) Notwithstanding any provision of law, rule, or regulation to
41 the contrary, the subject matter consists of the combined collection
42 and marketing, or the cooperative combined collection and
43 marketing of recycled material recovered through a recycling
44 program, or any product intentionally produced or derived from
45 solid waste received at a resource recovery facility or recovered
46 through a resource recovery program including, but not limited to,
47 refuse-derived fuel, compost materials, methane gas, and other

1 similar products, provided that in lieu of engaging in public
2 advertising for bids and the bidding therefor, the contracting unit
3 shall, prior to commencing the procurement process, submit for
4 approval to the Director of the Division of Local Government
5 Services, a written detailed description of the process to be
6 followed in securing the services. Within 30 days after receipt of
7 the written description the director shall, if the director finds that
8 the process provides for fair competition and integrity in the
9 negotiation process, approve, in writing, the description submitted
10 by the contracting unit. If the director finds that the process does
11 not provide for fair competition and integrity in the negotiation
12 process, the director shall advise the contracting unit of the
13 deficiencies that must be remedied. If the director fails to respond
14 in writing to the contracting unit within 30 days, the procurement
15 process as described shall be deemed approved. As used in this
16 section, "collection" means the physical removal of recyclable
17 materials from curbside or any other location selected by the
18 contracting unit.

19 (6) Notwithstanding any provision of law, rule, or regulation to
20 the contrary, the contract is for the provision of electricity by a
21 contracting unit engaged in the distribution of electricity for retail
22 sale, for the provision of wholesale electricity by a municipal
23 shared services energy authority as defined pursuant to section 3 of
24 P.L.2015, c.129 (C.40A:66-3), or for the provision of administrative
25 or dispatching services related to the transmission of electricity,
26 provided that in lieu of engaging in public advertising for bids and
27 the bidding therefor, the contracting unit shall, prior to commencing
28 the procurement process, submit for approval to the Director of the
29 Division of Local Government Services, a written detailed
30 description of the process to be followed in securing these services.
31 The process shall be designed in a way that is appropriate to and
32 commensurate with industry practices, and the integrity of the
33 government contracting process. Within 30 days after receipt of the
34 written description, the director shall, if the director finds that the
35 process provides for fair competition and integrity in the
36 negotiation process, approve, in writing, the description submitted
37 by the contracting unit. If the director finds that the process does
38 not provide for fair competition and integrity in the negotiation
39 process, the director shall advise the contracting unit of the
40 deficiencies that must be remedied. If the director fails to respond
41 in writing to the contracting unit within 30 days, the procurement
42 process, as submitted to the director pursuant to this section, shall
43 be deemed approved.

44 (cf: P.L.2017, c.131, s.174)J¹

45
46 ¹5. Section 5 of P.L.1971, c.198 (C.40A:11-5) is amended to read
47 as follows:

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

5 (1) The subject matter thereof consists of:

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

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

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

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

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

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

35 (g) The acquisition, subject to prior approval of the Attorney
36 General, of special equipment for confidential investigations;

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

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

43 (j) The publishing of legal notices in newspapers as required by
44 law;

45 (k) The acquisition of artifacts or other items of unique intrinsic,
46 artistic, or historical character;

- 1 (l) Those goods and services necessary or required to prepare and
2 conduct an election;
- 3 (m) Insurance, including the purchase of insurance coverage and
4 consultant services, which exception shall be in accordance with the
5 requirements for extraordinary unspecifiable services;
- 6 (n) The doing of any work by persons with disabilities employed
7 by a sheltered workshop;
- 8 (o) The provision of any goods or services, including those of a
9 commercial nature, attendant upon the operation of a restaurant by any
10 nonprofit, duly incorporated historical society at or on any historical
11 preservation site;
- 12 (p) (Deleted by amendment, P.L.1999, c.440)
- 13 (q) Library and educational goods and services;
- 14 (r) (Deleted by amendment, P.L.2005, c.212)
- 15 (s) The marketing of recyclable materials recovered through a
16 recycling program, or the marketing of any product intentionally
17 produced or derived from solid waste received at a resource recovery
18 facility or recovered through a resource recovery program, including,
19 but not limited to, refuse-derived fuel, compost materials, methane
20 gas, and other similar products;
- 21 (t) (Deleted by amendment, P.L.1999, c.440)
- 22 (u) Contracting unit towing and storage contracts, provided that all
23 of the contracts shall be pursuant to reasonable non-exclusionary and
24 non-discriminatory terms and conditions, which may include the
25 provision of the services on a rotating basis, at the rates and charges
26 set by the municipality pursuant to section 1 of P.L.1979, c.101
27 (C.40:48-2.49). All contracting unit towing and storage contracts for
28 services to be provided at rates and charges other than those
29 established pursuant to the terms of this paragraph shall only be
30 awarded to the lowest responsible bidder in accordance with the
31 provisions of the "Local Public Contracts Law," P.L.1971, c.198
32 (C.40A:11-1 et seq.) and without regard for the value of the contract
33 therefor;
- 34 (v) The purchase of steam or electricity from, or the rendering of
35 services directly related to the purchase of steam or electricity from, a
36 qualifying small power production facility or a qualifying cogeneration
37 facility as defined pursuant to 16 U.S.C. s.796;
- 38 (w) The purchase of electricity or administrative or dispatching
39 services directly related to the transmission of purchased electricity by
40 a contracting unit engaged in the generation of electricity;
- 41 (x) The printing of municipal ordinances or other services
42 necessarily incurred in connection with the revision and codification of
43 municipal ordinances;
- 44 (y) An agreement for the purchase of an equitable interest in a
45 water supply facility or for the provision of water supply services
46 entered into pursuant to section 2 of P.L.1993, c.381 (C.58:28-2), or an
47 agreement entered into pursuant to N.J.S.40A:31-1 et al., so long as

1 the agreement is entered into no later than six months after the
2 effective date of P.L.1993, c.381 (C.58:28-1 et al.);

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 recovered
6 through a recycling program;

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

9 (cc) Expenses for travel and conferences;

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

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

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

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

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

33 (ii) For the duration of the four-year pilot program established by
34 P.L.2025, c.291 (C.2C:25-32.1 et al.), services and equipment
35 necessary for the implementation of the program **【.】** ; or

36 (jj) The extension of the term of a renewable energy contract
37 pursuant to subsection (45) of section 15 of P.L.1971, c.198
38 (C.40A:11-15).

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

43 (3) Bids have been advertised pursuant to section 4 of P.L.1971,
44 c.198 (C.40A:11-4) on two occasions and (a) no bids have been
45 received on both occasions in response to the advertisement, or (b) the
46 governing body has rejected the bids on two occasions because it has
47 determined that they are not reasonable as to price, on the basis of cost

1 estimates prepared for or by the contracting agent prior to the
2 advertising therefor, or have not been independently arrived at in open
3 competition, or (c) on one occasion no bids were received pursuant to
4 (a) and on one occasion all bids were rejected pursuant to (b), in
5 whatever sequence; a contract may then be negotiated and may be
6 awarded upon adoption of a resolution by a two-thirds affirmative vote
7 of the authorized membership of the governing body authorizing the
8 contract, provided, however, that:

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

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

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

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

40 (4) The contracting unit has solicited and received at least three
41 quotations on materials, supplies, or equipment for which a State
42 contract has been issued pursuant to section 12 of P.L.1971, c.198
43 (C.40A:11-12), and the lowest responsible quotation is at least 10
44 percent less than the price the contracting unit would be charged for
45 the identical materials, supplies, or equipment, in the same quantities,
46 under the State contract. A contract entered into pursuant to this
47 subsection may be awarded only upon adoption of a resolution by the

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

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

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

(cf: P.L.2025, c.291, s.9)

6. Section 15 of P.L.1971, c.198 (C.40A:11-15) is amended to read as follows:

15. All contracts for the provision or performance of goods or services shall be awarded for a period not to exceed 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L.1971, c.198 (C.40A:11-5) shall be awarded for a period not to exceed 12 consecutive months. Contracts may be awarded for longer periods of time as follows:

(1) Supplying of:

(a) (Deleted by amendment, P.L.1996, c.113[.])

(b) (Deleted by amendment, P.L.1996, c.113[.])

(c) Thermal energy produced by a cogeneration facility, for use for heating or air conditioning or both, for any term not exceeding 40 years, when the contract is approved by the Board of Public Utilities.

For the purposes of this paragraph, "cogeneration" means the simultaneous production in one facility of electric power and other forms of useful energy such as heating or process steam;

(2) (Deleted by amendment, P.L.1977, c.53[.])

1 (3) The collection and disposal of municipal solid waste, the
2 collection and disposition of recyclable material, or the disposal of
3 sewage sludge, for any term not exceeding in the aggregate, five
4 years;

5 (4) The collection and recycling of methane gas from a sanitary
6 landfill facility, for any term not exceeding 25 years, when the
7 contract is in conformance with a district solid waste management
8 plan approved pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.), and
9 with the approval of the Division of Local Government Services in
10 the Department of Community Affairs and the Department of
11 Environmental Protection. The contracting unit shall award the
12 contract to the highest responsible bidder, notwithstanding that the
13 contract price may be in excess of the amount of any necessarily
14 related administrative expenses; except that if the contract requires
15 the contracting unit to expend funds only, the contracting unit shall
16 award the contract to the lowest responsible bidder. The approval
17 by the Division of Local Government Services of public bidding
18 requirements shall not be required for those contracts exempted
19 therefrom pursuant to section 5 of P.L.1971, c.198 (C.40A:11-5);

20 (5) Data processing service, for any term of not more than seven
21 years;

22 (6) Insurance, including the purchase of insurance coverages,
23 insurance consulting or administrative services, claims
24 administration services, including participation in a joint self-
25 insurance fund, risk management program or related services
26 provided by a contracting unit insurance group, or participation in
27 an insurance fund established by a local unit pursuant to
28 N.J.S.40A:10-6, or a joint insurance fund established pursuant to
29 P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of not more
30 than three years;

31 (7) Leasing or servicing of (a) automobiles, motor vehicles,
32 machinery, and equipment of every nature and kind, for a period not
33 to exceed five years, or (b) machinery and equipment used in the
34 generation of electricity by a municipal shared services energy
35 authority established pursuant to section 4 of P.L.2015, c.129
36 (C.40A:66-4), or a contracting unit engaged in the generation of
37 electricity, for a period not to exceed 20 years; provided, however, a
38 contract shall be awarded only subject to and in accordance with the
39 rules and regulations promulgated by the Director of the Division of
40 Local Government Services in the Department of Community
41 Affairs;

42 (8) The supplying of any product or the rendering of any service
43 by a company providing voice, data, transmission, or switching
44 services for a term not exceeding five years;

45 (9) Any single project for the construction, reconstruction, or
46 rehabilitation of any public building, structure, or facility, or any
47 public works project, including the retention of the services of any

- 1 architect or engineer in connection therewith, for the length of time
2 authorized and necessary for the completion of the actual
3 construction;
- 4 (10) The providing of food services for any term not exceeding
5 three years;
- 6 (11) On-site inspections and plan review services undertaken by
7 private agencies pursuant to the "State Uniform Construction Code
8 Act," P.L.1975, c.217 (C.52:27D-119 et seq.) for any term of not
9 more than three years;
- 10 (12) (Deleted by amendment, P.L.2009, c.4) **[.]**
- 11 (13) (Deleted by amendment, P.L.1999, c.440 **[.]**)
- 12 (14) (Deleted by amendment, P.L.1999, c.440 **[.]**)
- 13 (15) Leasing of motor vehicles, machinery, and other equipment
14 primarily used to fight fires, for a term not to exceed **[ten]** 10
15 years, when the contract includes an option to purchase, subject to
16 and in accordance with rules and regulations promulgated by the
17 Director of the Division of Local Government Services in the
18 Department of Community Affairs;
- 19 (16) The provision of water supply services or the designing,
20 financing, construction, operation, or maintenance, or any
21 combination thereof, of a water supply facility, or any component
22 part or parts thereof, including a water filtration system, for a period
23 not to exceed 40 years, when the contract for these services is
24 approved by the Division of Local Government Services in the
25 Department of Community Affairs, the Board of Public Utilities,
26 and the Department of Environmental Protection pursuant to
27 P.L.1985, c.37 (C.58:26-1 et al.), except that no approvals shall be
28 required for those contracts otherwise exempted pursuant to
29 subsection (30), (31), (34), (35) or (43) of this section.
- 30 For the purposes of this subsection, "water supply services"
31 means any service provided by a water supply facility; "water
32 filtration system" means any equipment, plants, structures,
33 machinery, apparatus, or land, or any combination thereof,
34 acquired, used, constructed, rehabilitated, or operated for the
35 collection, impoundment, storage, improvement, filtration, or other
36 treatment of drinking water for the purposes of purifying and
37 enhancing water quality and insuring its potability prior to the
38 distribution of the drinking water to the general public for human
39 consumption, including plants and works, and other personal
40 property and appurtenances necessary for their use or operation; and
41 "water supply facility" means and refers to the real property and the
42 plants, structures, or interconnections between existing water
43 supply facilities, machinery and equipment and other property, real,
44 personal, and mixed, acquired, constructed, or operated, or to be
45 acquired, constructed, or operated, in whole or in part by or on
46 behalf of a political subdivision of the State or any agency thereof,

1 for the purpose of augmenting the natural water resources of the
2 State and making available an increased supply of water for all
3 uses, or of conserving existing water resources, and any and all
4 appurtenances necessary, useful, or convenient for the collecting,
5 impounding, storing, improving, treating, filtering, conserving, or
6 transmitting of water and for the preservation and protection of
7 these resources and facilities and providing for the conservation and
8 development of future water supply resources;

9 (17) The provision of resource recovery services by a qualified
10 vendor, the disposal of the solid waste delivered for disposal which
11 cannot be processed by a resource recovery facility or the residual
12 ash generated at a resource recovery facility, including hazardous
13 waste and recovered metals and other materials for reuse, or the
14 design, financing, construction, operation, or maintenance of a
15 resource recovery facility for a period not to exceed 40 years when
16 the contract is approved by the Division of Local Government
17 Services in the Department of Community Affairs, and the
18 Department of Environmental Protection pursuant to P.L.1985, c.38
19 (C.13:1E-136 et al.); and when the resource recovery facility is in
20 conformance with a district solid waste management plan approved
21 pursuant to P.L.1970, c.39 (C.13:1E-1 et seq.).

22 For the purposes of this subsection, "resource recovery facility"
23 means a solid waste facility constructed and operated for the
24 incineration of solid waste for energy production and the recovery
25 of metals and other materials for reuse, or a mechanized composting
26 facility, or any other facility constructed or operated for the
27 collection, separation, recycling, and recovery of metals, glass,
28 paper, and other materials for reuse or for energy production; and
29 "residual ash" means the bottom ash, fly ash, or any combination
30 thereof, resulting from the combustion of solid waste at a resource
31 recovery facility;

32 (18) The sale of electricity or thermal energy, or both, produced
33 by a resource recovery facility for a period not to exceed 40 years
34 when the contract is approved by the Board of Public Utilities, and
35 when the resource recovery facility is in conformance with a district
36 solid waste management plan approved pursuant to P.L.1970, c.39
37 (C.13:1E-1 et seq.).

38 For the purposes of this subsection, "resource recovery facility"
39 means a solid waste facility constructed and operated for the
40 incineration of solid waste for energy production and the recovery
41 of metals and other materials for reuse, or a mechanized composting
42 facility, or any other facility constructed or operated for the
43 collection, separation, recycling, and recovery of metals, glass,
44 paper, and other materials for reuse or for energy production;

45 (19) The provision of wastewater treatment services or the
46 designing, financing, construction, operation, or maintenance, or
47 any combination thereof, of a wastewater treatment system, or any

1 component part or parts thereof, for a period not to exceed 40 years,
2 when the contract for these services is approved by the Division of
3 Local Government Services in the Department of Community
4 Affairs and the Department of Environmental Protection pursuant to
5 P.L.1985, c.72 (C.58:27-1 et al.), except that no approvals shall be
6 required for those contracts otherwise exempted pursuant to
7 subsection (36) or (43) of this section.

8 For the purposes of this subsection, "wastewater treatment
9 services" means any services provided by a wastewater treatment
10 system; and "wastewater treatment system" means equipment,
11 plants, structures, machinery, apparatus, or land, or any
12 combination thereof, acquired, used, constructed, or operated for
13 the storage, collection, reduction, recycling, reclamation, disposal,
14 separation, or other treatment of wastewater or sewage sludge, or
15 for the final disposal of residues resulting from the treatment of
16 wastewater, including, but not limited to, pumping and ventilating
17 stations, facilities, plants and works, connections, outfall sewers,
18 interceptors, trunk lines, and other personal property and
19 appurtenances necessary for their operation;

20 (20) The supplying of goods or services for the purpose of
21 lighting public streets, for a term not to exceed five years;

22 (21) The provision of emergency medical services for a term not
23 to exceed five years;

24 (22) Towing and storage contracts, awarded pursuant to
25 paragraph u. of subsection (1) of section 5 of P.L.1971, c.198
26 (C.40A:11-5) for any term not exceeding three years;

27 (23) Fuel for the purpose of generating electricity for a term not
28 to exceed eight years;

29 (24) The purchase of electricity or administrative or dispatching
30 services related to the transmission of electricity, from a supplier of
31 electricity subject to the jurisdiction of a federal regulatory agency,
32 from a qualifying small power producing facility or qualifying
33 cogeneration facility, as defined by 16 U.S.C. s.796, or from any
34 supplier of electricity within any regional transmission organization
35 or independent system operator or from an organization or operator
36 or their successors, by a contracting unit engaged in the generation
37 of electricity for retail sale, as of May 24, 1991, for a term not to
38 exceed 40 years; or by a contracting unit engaged solely in the
39 distribution of electricity for retail sale for a term not to exceed
40 **[ten]** 10 years, except that a contract with a contracting unit,
41 engaged solely in the distribution of electricity for retail sale, in
42 excess of **[ten]** 10 years, shall require the written approval of the
43 Director of the Division of Local Government Services. If the
44 director fails to respond in writing to the contracting unit within 10
45 business days, the contract shall be deemed approved;

46 (25) Basic life support services, for a period not to exceed five
47 years.

1 For the purposes of this subsection, "basic life support" means a
2 basic level of prehospital care, which includes but need not be
3 limited to patient stabilization, airway clearance, cardiopulmonary
4 resuscitation, hemorrhage control, initial wound care, and fracture
5 stabilization;

6 (26) (Deleted by amendment, P.L.1999, c.440[.])

7 (27) The provision of transportation services to an elderly
8 person, an individual with a disability, or an indigent person for any
9 term of not more than three years.

10 For the purposes of this subsection, "elderly person" means a
11 person who is 60 years of age or older. "Individual with a
12 disability" means a person of any age who, by reason of illness,
13 injury, age, congenital malfunction, or other permanent or
14 temporary incapacity or disability, is unable, without special
15 facilities or special planning or design to utilize mass transportation
16 facilities and services as effectively as persons who are not so
17 affected. "Indigent person " means a person of any age whose
18 income does not exceed 100 percent of the poverty line, adjusted
19 for family size, established and adjusted under section 2 of the
20 "Community Services Block Grant Act," (42 U.S.C. s.9902);

21 (28) The supplying of liquid oxygen or other chemicals, for a
22 term not to exceed five years, when the contract includes the
23 installation of tanks or other storage facilities by the supplier, on or
24 near the premises of the contracting unit;

25 (29) The performance of patient care services by contracted
26 medical staff at county hospitals, correction facilities, and long term
27 care facilities, for any term of not more than three years;

28 (30) The acquisition of an equitable interest in a water supply
29 facility pursuant to section 2 of P.L.1993, c.381 (C.58:28-2), or a
30 contract entered into pursuant to the "County and Municipal Water
31 Supply Act," N.J.S.40A:31-1 et seq., if the contract is entered into
32 no later than January 7, 1995, for any term of not more than forty
33 years;

34 (31) The provision of water supply services or the financing,
35 construction, operation, or maintenance or any combination thereof,
36 of a water supply facility or any component part or parts thereof, by
37 a partnership or copartnership established pursuant to a contract
38 authorized under section 2 of P.L.1993, c.381 (C.58:28-2), for a
39 period not to exceed 40 years;

40 (32) Laundry service and the rental, supply, and cleaning of
41 uniforms for any term of not more than three years;

42 (33) The supplying of any product or the rendering of any
43 service, including consulting services, by a cemetery management
44 company for the maintenance and preservation of a municipal
45 cemetery operating pursuant to the "New Jersey Cemetery Act,
46 2003," P.L.2003, c.261 (C.45:27-1 et seq.), for a term not exceeding
47 15 years;

- 1 (34) A contract between a public entity and a private firm
2 pursuant to P.L.1995, c.101 (C.58:26-19 et al.) for the provision of
3 water supply services may be entered into for any term which, when
4 all optional extension periods are added, may not exceed 40 years;
- 5 (35) A contract for the purchase of a supply of water from a
6 public utility company subject to the jurisdiction of the Board of
7 Public Utilities in accordance with tariffs and schedules of charges
8 made, charged or exacted or contracts filed with the Board of Public
9 Utilities, for any term of not more than 40 years;
- 10 (36) A contract between a public entity and a private firm or
11 public authority pursuant to P.L.1995, c.216 (C.58:27-19 et al.) for
12 the provision of wastewater treatment services may be entered into
13 for any term of not more than 40 years, including all optional
14 extension periods;
- 15 (37) The operation and management of a facility under a license
16 issued or permit approved by the Department of Environmental
17 Protection, including a wastewater treatment system, a stormwater
18 management system, or a water supply or distribution facility, as
19 the case may be, for any term of not more than **ten** 10 years.
- 20 For the purposes of this subsection, "wastewater treatment
21 system" refers to facilities operated or maintained for the storage,
22 collection, reduction, disposal, or other treatment of wastewater or
23 sewage sludge, remediation of groundwater contamination,
24 stormwater runoff, or the final disposal of residues resulting from
25 the treatment of wastewater; "stormwater management system"
26 means the same as that term is defined in section 3 of P.L.2019,
27 c.42 (C.40A:26B-3); and "water supply or distribution facility"
28 refers to facilities operated or maintained for augmenting the
29 natural water resources of the State, increasing the supply of water,
30 conserving existing water resources, or distributing water to users;
- 31 (38) Municipal solid waste collection from facilities owned by a
32 contracting unit, for any term of not more than three years;
- 33 (39) Fuel for heating purposes, for any term of not more than
34 three years;
- 35 (40) Fuel or oil for use in motor vehicles for any term of not
36 more than three years;
- 37 (41) Plowing and removal of snow and ice for any term of not
38 more than three years;
- 39 (42) Purchases made under a contract awarded by the Director
40 of the Division of Purchase and Property in the Department of the
41 Treasury for use by counties, municipalities, or other contracting
42 units pursuant to section 3 of P.L.1969, c.104 (C.52:25-16.1), for a
43 term not to exceed the term of that contract;
- 44 (43) A contract between the governing body of a city of the first
45 class and a duly incorporated nonprofit association for the provision
46 of water supply services as defined in subsection (16) of this
47 section, or wastewater treatment services as defined in subsection

1 (19) of this section, may be entered into for a period not to exceed
2 40 years;

3 (44) The purchase of electricity generated through Class I
4 renewable energy or from a power production facility that is fueled
5 by methane gas extracted from a landfill in the county of the
6 contacting unit for any term not exceeding 25 years;

7 (45) (a) The provision or performance of goods or services for
8 the purpose of producing Class I renewable energy or Class II
9 renewable energy, as those terms are defined in section 3 of
10 P.L.1999, c.23 (C.48:3-51), at, or adjacent to, buildings owned by,
11 or operations conducted by, the contracting unit, the entire price of
12 which is to be established as a percentage of the resultant savings in
13 energy costs, for a total term, including any extensions, not to
14 exceed **[15]** 30 years; provided **[, however,]** that a contract shall
15 be entered into only subject to and in accordance with guidelines
16 promulgated by the Board of Public Utilities establishing a
17 methodology for computing energy cost savings and energy
18 generation costs. The initial term of the contract shall not exceed
19 15 years. The contract may be extended for up to one or more
20 additional terms, provided that the total term of the contract,
21 including any extensions or renewals authorized by subparagraphs
22 (b) or (c) of this paragraph, shall not exceed 30 years.

23 (b) Notwithstanding any law, rule, or regulation to the contrary,
24 a contract with fixed rates or amounts may be extended beyond the
25 initial 15-year term limit for up to one or more additional terms,
26 provided that the total term of the contract, including any
27 extensions or renewals, shall not exceed 30 years and the extension
28 does not result in rates or amounts that are above the greater of:

29 (i) the previously contracted rates or amounts; or

30 (ii) 20 percent below the volumetric retail rate, or charges that
31 would be applicable based upon such volumetric rate, applicable to
32 the customer for purchases of electricity from the applicable electric
33 public utility at the time the extension is authorized.

34 (c) Notwithstanding any law, rule, or regulation to the contrary,
35 a contract with de-escalating or escalating prices may be extended
36 beyond the initial 15-year term limit for up to one or more
37 additional terms, provided that the total term of the contract,
38 including any extensions or renewals, shall not exceed 30 years and
39 the extension does not result in prices above the greater of:

40 (i) the level that would occur if the annual rate of de-escalation
41 or escalation applied between the second to last and last year of the
42 original contract is applied to the price in the last year of the
43 original contract and thereafter into future years; or

44 (ii) the price that would result from applying the rate that is 20
45 percent below the volumetric retail rate applicable to the customer
46 for the purchase of electricity from the applicable electric public
47 utility at the time the extension is authorized.

1 (46) A power supply contract, as defined pursuant to section 3
2 of P.L.2015, c.129 (C.40A:66-3), between a member municipality
3 as defined pursuant to section 3 of P.L.2015, c.129 (C.40A:66-3),
4 and the municipal shared services energy authority established
5 pursuant to the provisions of P.L.2015, c.129 (C.40A:66-1 et al.) to
6 meet the electric power needs of its members, for the lease,
7 operation, or management of electric generation within a member
8 municipality's corporate limits and franchise area or the purchase of
9 electricity, or the purchase of fuel for generating units for a term not
10 to exceed 40 years;

11 (47) A contract entered into pursuant to paragraph (2) of
12 subsection a. of section 6 of P.L.2006, c.46 (C.30:9-23.20) between
13 a county hospital authority and a manager for the management,
14 operation, and maintenance of a hospital owned by the authority or
15 the county for a term not to exceed 20 years, provided, however,
16 that a contract entered into pursuant to paragraph (2) of subsection
17 a. of section 6 of P.L.2006, c.46 (C.30:9-23.20) may be renewed for
18 two additional periods, not to exceed five years each; and

19 (48) (a) A lease agreement that provides for the use, lease, lease-
20 back, acquisition, operation, or maintenance of ferry boats and
21 related facilities and services, for a period not to exceed 20 years,
22 except as provided by paragraph (b) of this subsection. For the
23 purposes of this subsection, "related facilities and services"
24 includes, but is not limited to, docks and terminals, parking
25 facilities, intermodal facilities, ingress and egress to the parking and
26 terminal facilities, and the provision of goods and services to the
27 public, provided that a contract for the provision or performance of
28 such goods or services is related to ferry services and requires:

29 (1) a total capital expenditure exceeding \$300,000, as certified
30 by the chief financial officer of the contracting unit, including but
31 not limited to capital expenditures made by the lessee; or

32 (2) a capital improvement that has a life expectancy upon
33 completion exceeding 20 years, as certified by the chief financial
34 officer of the contracting unit.

35 (b) A lease agreement for a capital improvement under
36 subparagraph (2) of paragraph (a) of this subsection may be
37 awarded for a period not to exceed 50 years.

38 (c) Each worker employed in a construction project under a
39 contract executed pursuant to this subsection shall be paid not less
40 than the prevailing wage rate for the worker's craft or trade as
41 determined by the Commissioner of Labor and Workforce
42 Development pursuant to P.L.1963, c.150 (C.34:11-56.25 et seq.).

43 Any contract for services other than professional services, the
44 statutory length of which contract is for three years or less, may
45 include provisions for no more than one two-year, or two one-year,
46 extensions, subject to the following limitations: a. The contract
47 shall be awarded by resolution of the governing body upon a

1 finding by the governing body that the services are being performed
2 in an effective and efficient manner; b. No contract shall be
3 extended so that it runs for more than a total of five consecutive
4 years; c. Any price change included as part of an extension shall be
5 based upon the price of the original contract as cumulatively
6 adjusted pursuant to any previous adjustment or extension and shall
7 not exceed the change in the index rate for the 12 months preceding
8 the most recent quarterly calculation available at the time the
9 contract is renewed; and d. The terms and conditions of the contract
10 remain substantially the same.

11 All multiyear leases and contracts entered into pursuant to this
12 section, including any two-year or one-year extensions, except
13 contracts involving the supplying of electricity for the purpose of
14 lighting public streets and contracts for thermal energy authorized
15 pursuant to subsection (1) above, construction contracts authorized
16 pursuant to subsection (9) above, contracts for the provision or
17 performance of goods or services or the supplying of equipment to
18 promote energy conservation through the production of Class I
19 renewable energy or Class II renewable energy authorized pursuant
20 to subsection (45) above, contracts for water supply services or for
21 a water supply facility, or any component part or parts thereof
22 authorized pursuant to subsection (16), (30), (31), (34), (35), (37),
23 or (43) above, contracts for resource recovery services or a resource
24 recovery facility authorized pursuant to subsection (17) above,
25 contracts for the sale of energy produced by a resource recovery
26 facility authorized pursuant to subsection (18) above, contracts for
27 wastewater treatment services or for a wastewater treatment system
28 or any component part or parts thereof authorized pursuant to
29 subsection (19), (36), (37), or (43) above, contracts for the
30 operation and maintenance of a stormwater management system
31 authorized pursuant to subsection (37) above, and contracts for the
32 purchase of electricity or administrative or dispatching services
33 related to the transmission of electricity authorized pursuant to
34 subsection (24) above, contracts for the purchase of electricity
35 generated from a power production facility that is fueled by
36 methane gas authorized pursuant to subsection (44) above, and
37 power supply contracts authorized pursuant to subsection (46)
38 respectively, shall contain a clause making them subject to the
39 availability and appropriation annually of sufficient funds as may
40 be required to meet the extended obligation, or contain an annual
41 cancellation clause.

42 The Division of Local Government Services in the Department
43 of Community Affairs shall adopt and promulgate rules and
44 regulations concerning the methods of accounting for all contracts
45 that do not coincide with the fiscal year.

46 All contracts shall cease to have effect at the end of the
47 contracted period and shall not be extended by any mechanism or

1 provision, unless in conformance with the "Local Public Contracts
2 Law," P.L.1971, c.198 (C.40A:11-1 et seq.), except that a contract
3 may be extended by mutual agreement of the parties to the contract
4 when a contracting unit has commenced rebidding prior to the time
5 the contract expires or when the awarding of a contract is pending
6 at the time the contract expires.
7 (cf: P.L.2019, c.79, s.1)

8
9 7. This act shall take effect immediately.

10

11

12

13

14 "Affordable Power Purchase Agreements Extension Act";
15 concerns extension of certain public entity contracts related to
16 energy conservation and renewable energy production.