ASSEMBLY, No. 2242

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
Assemblyman RONALD S. DANCER
District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Imposes residency requirements on newly appointed members of sewerage and utility authorities.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT imposing residency requirements on newly appointed members of sewerage and utility authorities and amending P.L.1946, c.138 and P.L.1957, c.183.

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

1. Section 4 of P.L.1946, c.138 (C.40:14A-4) is amended to read as follows:

4. (a) The governing body of any county may, by resolution duly adopted, create a public body corporate and politic under the name and style of "the ..... sewerage authority," with all or any significant part of the name of such county inserted. Said body shall consist of the five members thereof, who shall be appointed by resolution of the governing body as hereinafter in this section provided, together with the additional members thereof, if any, appointed as hereinafter in subsection (i) of this section provided, and it shall constitute the sewerage authority contemplated and provided for in this act and an agency and instrumentality of said county. After the taking effect of the resolution for the creation of said body and the filing of a certified copy thereof as in subsection (d) of this section provided, five persons shall be appointed as the members of the sewerage authority. The members first appointed shall, by the resolution of appointment, be designated to serve for terms respectively expiring on the first days of the first, second, third, fourth and fifth Februaries next ensuing after the dates of their appointments. On or after January 1 in each year after such first appointments, one person shall be appointed as a member of the sewerage authority to serve for a term commencing on February 1 in such year and expiring on February 1 in the fifth year after such year. In the event of a vacancy in the membership of the sewerage authority occurring during an unexpired term of office, a person shall be appointed as a member of the sewerage authority to serve for such unexpired term. <u>At least one member of a county sewerage authority shall reside in a municipality located within the county and which receives sewerage service from the county sewerage authority. Any other person newly appointed to serve as a member of a county sewerage authority after the effective date of P.L. , c. (pending before the Legislature as this bill) shall reside within the county in which the sewerage authority has been established.</u>

(b) The governing body of any municipality may, by ordinance duly adopted, create a public body corporate and politic under the name and style of "the ..... sewerage authority," with all or any significant part of the name of such municipality inserted. A sewerage authority created pursuant to this section by a

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 <u>thus</u> is new matter.

municipality other than a city of the first class shall consist of five members and a sewerage authority created pursuant to this section by a municipality which is a city of the first class shall consist of five or seven members, as determined by the governing body. Members of the sewerage authority shall be appointed by resolution of the governing body as hereinafter in this section provided, and the authority shall constitute the sewerage authority contemplated and provided for in this act and an agency and instrumentality of said municipality. After the taking effect of such ordinance and the filing of a certified copy thereof as in subsection (d) of this section provided, the members of the sewerage authority shall be appointed. The members first appointed shall, by the resolution of appointment, be designated to serve for terms respectively expiring as follows: the terms of the first four members shall expire in turn on each of the first days of the first, second, third and fourth Februaries next ensuing after the dates of their appointments, and the remaining members shall be designated to serve for terms expiring on the first day of the fifth February next ensuing after the date of their appointment. On or after January 1 in each year after such first appointments, one person shall be appointed or reappointed as a member of the sewerage authority to succeed each member whose term is expiring, and shall serve for a term commencing on February 1 in such year and expiring on February 1 in the fifth year after such year. In the event of a vacancy in the membership of the sewerage authority occurring during an unexpired term of office, a person shall be appointed as a member of the sewerage authority to serve for such unexpired term. At least one member of a municipal sewerage authority shall reside in a municipality which receives sewerage service from the municipal sewerage authority. Any other person newly appointed to serve as a member of a municipal sewerage authority after the effective date of P.L. , c. (pending before the Legislature as this bill) shall reside in the county in which the sewerage authority has been established.

The governing body of a municipality which is a city of the first class may increase the membership of its sewerage authority to seven members from five members. The two additional members shall be appointed to serve five-year terms, commencing on the February 1 next following their appointment and expiring on February 1 in the fifth year after their appointment. At least one member of a municipal sewerage authority of a city of the first class shall reside in the city that established the municipal sewerage authority. Any other person newly appointed to serve as a member of sewerage authority of a city of the first class after the effective date of P.L. , c. (pending before the Legislature as this bill) shall reside in the county in which the sewerage authority has been established.

(c) The governing bodies of any two or more municipalities or any two or more counties, the areas of which together comprise an integral body of territory, may, by parallel ordinances, or in the case of counties, by parallel resolutions, duly adopted by each of such governing bodies within any single calendar year, create a public body corporate and politic under the name and style of "the ..... sewerage authority," with all or any significant part of the name of each such municipality or county or some identifying geographical phrase inserted. Said body shall consist of the members thereof, in an aggregate number determined as hereinafter in this subsection provided, who shall be appointed by resolutions of the several governing bodies as hereinafter in this section provided, and it shall constitute the sewerage authority contemplated and provided for in this act and an agency and instrumentality of the said municipalities or counties. The number of members of the sewerage authority to be appointed at any time for full terms of office by the governing body of any such municipality or county shall be as may be stated in said ordinances or resolutions, which shall be not less than one nor more than three. After the taking effect of the said ordinances or resolutions of all such municipalities or counties and after the filing of certified copies thereof as in subsection (d) of this section provided, the appropriate number of persons shall be appointed as members of the sewerage authority by the governing body of each municipality or county. In the case of municipalities or counties which by ordinance or resolution are entitled to appoint only one member of the authority, the total number of members, if five or more, shall be divided into five classes as nearly equal as possible, except that if there are less than five members, each member shall constitute a class. The members initially appointed shall be appointed for such terms that the terms of one class shall expire on the first day of each of the first, second, third, fourth and fifth Februaries next ensuing the date of appointment. In the event the several municipalities or counties cannot agree on the terms of the respective representatives, such terms shall be determined by lot. On or after January 1 in each year after such appointments, the expiring terms shall be filled by the appointment for terms commencing February 1 in such year and expiring on the first day of the fifth February next ensuing.

Upon the expiration of the terms of office of members, in office on July 1, 1970, of sewerage authorities created by two or more municipalities or counties, where only one member is appointed by any participating municipality or county, their immediate successors, except for appointments to fill vacancies, shall be appointed for designated terms of one, two, three, four or five years in the same manner as in this subsection (c) provided as to initial appointees.

In municipalities or counties entitled to appoint three members, the appointing authority shall designate one of the initial appointees

to serve for a term of three years, one for four years and one for five years. In municipalities or counties entitled to appoint two members, the appointing authority shall designate one of the initial appointees to serve for a term of five years and one for four years. On or after January 1 in the year in which expire the terms of the said members first appointed and in every fifth year thereafter, the appropriate number of persons shall be appointed as members of the sewerage authority by the governing body of each municipality or county, to serve for terms commencing on February 1 in such year and expiring on February 1 in the fifth year after such year. In the event of a vacancy in the membership of the sewerage authority occurring during the unexpired term of office, a person shall be appointed as a member of the sewerage authority to serve for such unexpired term by the governing body which made the original appointment for such unexpired term.

Upon the expiration of the terms of office of members, in office on July 1, 1967, of sewerage authorities created by two or more municipalities or counties, where more than one member is appointed by any participating municipality or county, their immediate successors, except for appointments to fill vacancies, shall be appointed for designated terms of three, four or five years in the same manner as in this subsection (c) provided as to initial appointees.

At least one member of a joint county or joint municipal sewerage authority shall reside in a municipality which receives sewerage service from the joint county or joint municipal sewerage authority. Any other person newly appointed to serve as a member of a joint county or joint municipal sewerage authority after the effective date of P.L. , c. (pending before the Legislature as this bill) shall reside in a county in which the joint sewerage authority has been established.

(d) A copy of each resolution or ordinance for the creation of a sewerage authority adopted pursuant to this section, duly certified by the appropriate officer of the local unit, shall be filed in the office of the Secretary of State. Upon proof of such filing of a certified copy of the resolution or ordinance or of certified copies of the parallel ordinances for the creation of a sewerage authority as aforesaid, the sewerage authority therein referred to shall, in any suit, action or proceeding involving the validity or enforcement of, or relating to, any contract or obligation or act of the sewerage authority, be conclusively deemed to have been lawfully and properly created and established and authorized to transact business and exercise its powers under this act. A copy of any such certified resolution or ordinance, duly certified by or on behalf of the Secretary of State, shall be admissible in evidence in any suit, action or proceeding.

(e) A copy of each resolution appointing any member of a sewerage authority adopted pursuant to this section, duly certified

by the appropriate officer of the local unit, shall be filed in the office of the Secretary of State. A copy of such certified resolution, duly certified by or on behalf of the Secretary of State, shall be admissible in evidence in any suit, action or proceeding and, except in a suit, action or proceeding directly questioning such appointment, shall be conclusive evidence of the due and proper appointment of the member or members named therein.

(f) The governing body of a county which may create or join in the creation of any sewerage authority pursuant to this section shall not thereafter create or join in the creation of any other sewerage authority. No governing body of any municipality constituting the whole or any part of a district shall create or join in the creation of any sewerage authority except upon the written consent of the sewerage authority and in accordance with the terms and conditions of such consent, and in the event such consent be given and a sewerage authority be created pursuant thereto, the terms and conditions of such consent shall thereafter be in all respects binding upon such municipality and the sewerage authority so created, and any system of sewers or sewage disposal plants constructed or maintained in conformity with the terms and conditions of such consent by the sewerage authority so created shall be deemed not to be competitive with the sewerage systems of the sewerage authority giving such consent. In the event that prior to the creation of a sewerage authority of a county the governing body of any municipality located in said county shall have created or joined in the creation of a sewerage authority, the area within the territorial limits of such municipality shall not be part of the district of the sewerage authority of said county.

(g) Within 10 days after the filing in the office of the Secretary of State of a certified copy of a resolution for the creation of a sewerage authority adopted by the governing body of any county pursuant to this section, a copy of such resolution, duly certified by the appropriate officer of the county, shall be filed in the office of the clerk of each municipality within the county. In the event that the governing body of any such municipality shall, within 60 days after such filing in the office of the Secretary of State, adopt a resolution determining that such municipality shall not be a part of the district of such sewerage authority and file a copy thereof, duly certified by its clerk, in the office of the Secretary of State, the area within the territorial limits of such municipality shall not thereafter be part of such district, but at any time after the adoption of such resolution, the governing body of such municipality may, by ordinance duly adopted, determine that such area shall again be a part of such district, and if thereafter a copy of such ordinance, duly certified by the appropriate officer of such municipality, together with a certified copy of a resolution of such sewerage authority approving such ordinance, shall be filed in the office of the Secretary of State, then from and after such filing the area within

the territorial limits of such municipality shall forever be part of such district.

(h) The governing body of any local unit which has created a sewerage authority pursuant to subsection (a) or subsection (b) of this section may, in the case of a county by resolution duly adopted or in the case of a municipality by ordinance duly adopted, dissolve such sewerage authority on the conditions set forth in this subsection. The governing bodies of two or more local units which have created a sewerage authority pursuant to subsection (c) of this section may, by parallel ordinances duly adopted by each of such governing bodies within any single calendar year, dissolve such sewerage authority on the conditions set forth in this subsection. Such a sewerage authority may be dissolved on condition that (1) either the members of such authority have not been appointed or the sewerage authority, by resolution duly adopted, consents to such dissolution, and (2) the sewerage authority has no debts or obligations outstanding. Upon the dissolution of any sewerage authority in the manner provided in this subsection, the governing body or bodies dissolving such sewerage authority shall be deemed never to have created or joined in the creation of a sewerage authority. A copy of each resolution or ordinance for the dissolution of a sewerage authority adopted pursuant to this subsection, duly certified by the appropriate officer of the local unit, shall be filed in the office of the Secretary of State. Upon proof of such filing of a certified copy of the resolution or ordinance or of certified copies of the parallel ordinances for the dissolution of a sewerage authority as aforesaid and upon proof that such sewerage authority had no debts or obligations outstanding at the time of the adoption of such resolution, ordinance or ordinances, the sewerage authority therein referred to shall be conclusively deemed to have been lawfully and properly dissolved and the property of the sewerage authority shall be vested in the local unit or units. A copy of any such certified resolution or ordinance, duly certified by or on behalf of the Secretary of State, shall be admissible in evidence in any suit, action or proceeding.

(i) Whenever the sewerage authority of any county shall certify to the governing body of any county that it has entered into a contract pursuant to section 23 of this act with one or more municipalities situate within any other county, one additional member of the sewerage authority for each such other county shall be appointed by resolution of the governing body of such other county as in this section provided. The additional member so appointed for any such other county, and his successors, shall be a resident of one of said municipalities situate within such other county. The additional member first appointed or to be first appointed for any such other county shall serve for a term expiring on the first day of the fifth February next ensuing after the date of such appointment, and on or after January 1 in the year in which

expires the term of the said additional member first appointed and in every fifth year thereafter, one person shall be appointed by said governing body as a member of the sewerage authority as successor to said additional member, to serve for a term commencing on February 1 in such year and expiring on February 1 in the fifth year after such year. If after such appointment of an additional member for any such other county the sewerage authority shall certify to said governing body of such other county that it is no longer a party to a contract entered into pursuant to section 23 of this act with any municipality situate within such other county, the term of office of such additional member shall thereupon cease and expire and no additional member for such other county shall thereafter be appointed.

(j) If a municipality, the governing body of which has created a sewerage authority pursuant to subsection (b) of this section, has been or shall be consolidated with another municipality, the governing body of the new consolidated municipality may, by ordinance duly adopted, provide that the members of the sewerage authority shall thereafter be appointed by the governing body of such new consolidated municipality, which shall make appointment of members of the sewerage authority by resolution as hereinafter in this subsection provided. On or after the taking effect of such ordinance, one person shall be appointed as a member of the sewerage authority for a term commencing on February 1 in each year, if any, after the date of consolidation, in which has or shall have expired the term of a member of the sewerage authority theretofore appointed by the governing body of the municipality which has been or shall be so consolidated, and expiring on February 1 in the fifth year after such year. Thereafter, on or after January 1 in each year, one person shall be appointed as a member of the sewerage authority to serve for a term commencing on February 1 in such year and expiring February 1 in the fifth year after such year. In the event of a vacancy in the membership of the sewerage authority occurring during an unexpired term of office, a person shall be appointed as a member of the sewerage authority to serve for such unexpired term. Each member of the sewerage authority appointed by the governing body of a municipality which has been or shall be so consolidated shall continue in office until his successor has been appointed as in this subsection provided and has qualified. <u>At least one member of a municipal sewerage authority of newly consolidated municipality shall reside in the newly consolidated municipality which receives sewerage service from the municipal sewerage authority. Any other person newly appointed to serve as a member of a municipal sewerage authority after the effective date of P.L. , c. (pending before the Legislature as this bill) shall reside in the county in which the sewerage authority has been established.</u>

(k) If a municipality, the governing body of which has created a sewerage authority pursuant to subsection (b) of this section, has been or shall be consolidated with another municipality, the governing body of the new consolidated municipality, subject to the rights of the holders, if any, of bonds issued by the sewerage authority, and upon receipt of the sewerage authority's written consent thereto, may provide, by ordinance duly adopted, that the area within the territorial boundaries of the new consolidated municipality shall constitute the district of the sewerage authority, and upon the taking effect of such ordinance, such area shall constitute the district of the sewerage authority. Until the taking effect of such ordinance, the district of the sewerage authority shall be the area within the territorial boundaries, as they existed at the date of the consolidation, of the municipality the governing body of which created the sewerage authority.

(l) Whenever, with the approval of any sewerage authority created by the governing bodies of two or more municipalities, any other municipality not constituting part of the district shall convey to the sewerage authority all or any part of a system of main, lateral or other sewers or other sewerage facilities located within the district and theretofore owned and operated by such other municipality, then, if so provided in the instruments of such conveyance, one additional member of the sewerage authority for such other municipality shall be appointed by resolution of its governing body as in this section provided. The additional member so appointed for such municipality, and his successors, shall be residents of such municipality. The additional member first appointed or to be first appointed for such municipality shall serve for a term expiring on the first day of the fifth February next ensuing after the date of such appointment, and on or after January 1 in the year in which expires the term of the said additional member first appointed and in every fifth year thereafter, one person shall be appointed by said governing body as a member of the sewerage authority as successor to said additional member, to serve for a term commencing on February 1 in such year and expiring on February 1 in the fifth year after such year. If at any time after such conveyance of sewers or sewerage facilities by a municipality its governing body shall adopt a resolution determining not thereafter to be represented in the membership of the sewerage authority and shall file a copy thereof duly certified by its clerk in the office of the sewerage authority, the term of office of any such additional member theretofore appointed for such municipality shall thereupon cease and expire and no additional member for such municipality shall thereafter be appointed.

(m) (i) The governing body of any municipality which is contiguous to the district of a sewerage authority created by the governing bodies of two or more other municipalities may at any time, by ordinance duly adopted, propose that the whole or any part

of the area herein referred to as "service area" within the territorial limits of such municipality shall be a part of said contiguous district. Such ordinance shall (1) state the number of members of the sewerage authority, not less than one nor more than three, thereafter to be appointed for full terms of office by the governing body of such municipality, and (2) determine that, after the filing of a certified copy thereof and of a resolution of the sewerage authority in accordance with this subsection, such service area shall be a part of said contiguous district. If thereafter a copy of such ordinance duly certified by the appropriate officer of such municipality, together with a certified copy of a resolution of said sewerage authority approving such ordinance, shall be filed in the office of the Secretary of State, then from and after such filing the service area shall forever be part of said contiguous district and said sewerage authority shall consist of the members thereof acting or appointed as in this section provided and constitute an agency and instrumentality of such municipality, as well as such other municipalities. The governing body of the said municipality so becoming part of said contiguous district shall thereupon appoint members of the sewerage authority in the number stated in such ordinance, for periods and in the manner provided for the first appointment of members of a sewerage authority under subsection (c) of this section, provided those additional members are residents of the municipality joining the sewerage authority.

(ii) If the service area of such municipality shall then be part of the district of any other sewerage authority or municipal authority, such other authority shall, by resolution adopted not more than one year prior to the adoption of such ordinance, consent to the inclusion of the service area in the district of said contiguous district, and the service area shall become part of said contiguous district as aforesaid and shall no longer be part of the district of such other authority for sewerage purposes. If only part of the area within the territorial limits of such municipality shall constitute the service area to become part of said contiguous district, the service area shall be that so designated or shown on a map thereof bearing legend or reference to this section and filed in the office of the clerk of such municipality and in the office of the secretary of each authority referred to in this section, and such map shall be incorporated by a reference thereto in such ordinance and resolution as or for a description of the service area. For all the purposes of this act, such sewerage authority shall be deemed to have been created by the governing body of such municipality jointly with the other municipalities (the territorial areas of which constitute the district of such contiguous authority), and such municipality shall have all powers, duties, rights and obligations provided for by this act or any other law for or with respect to such sewerage authority or any other sewerage authority or municipal authority, notwithstanding that only a part of the area within the territorial

limits of such municipality shall become part of said contiguous district.

(n) The governing body of a county or municipality may provide, in the ordinance or resolution creating the sewerage authority, for not more than two alternate members. Alternate members shall be designated by the governing body as "Alternate No. 1" and "Alternate No. 2" and shall serve during the absence or disqualification of any regular member or members. Any person newly appointed to serve as an alternate member of a sewerage authority after the effective date of P.L. , c. (pending before the Legislature as this bill) shall reside in the county in which the sewerage authority has been established. The governing body of the county or municipality shall provide by ordinance or resolution for the order in which the alternates shall serve. The term of each alternate member shall be five years commencing on February 1 of the year of appointment; provided, however, that in the event two alternate members are appointed their initial terms shall be four and five years, respectively. The terms of the first alternate members appointed pursuant to this amendatory act shall commence on the dates of their appointments and shall expire on the fourth or fifth January 31 next ensuing after the dates of their appointments, as the case may be. Alternate members may participate in discussions of the proceedings but may not vote, except in the absence or disqualification of a regular member. A vote shall not be delayed in order that a regular member may vote instead of an alternate member.

(o) Whenever any sewerage authority has entered into a contract for the treatment or disposal of sewage originating in the district, pursuant to section 23 of P.L.1946, c.138 (C.40:14A-23), with any contiguous sewerage authority, then, with the approval of the contiguous sewerage authority, the sewerage authority may appoint, by resolution duly adopted, two additional members to the contiguous sewerage authority, as provided in this subsection. The additional members shall be either residents of the district of the sewerage authority or members or the executive director of the sewerage authority. The additional members shall serve five year terms, except that the additional members first appointed shall serve for terms respectively expiring on the first days of the fourth and fifth Februaries next ensuing after the dates of their appointments. On or after January 1 in the years in which the terms of the additional members expire, one person shall be appointed by the sewerage authority as a member of the contiguous sewerage authority as successor to the additional member, to serve for a term commencing on February 1 of that year. Any person newly appointed to serve as a member of a sewerage authority after the effective date of P.L. , c (pending before the Legislature as this bill) shall reside in the county in which the sewerage authority has been established. Vacancies shall be filled in the manner of the

original appointments but for the unexpired terms only. If a sewerage authority has entered into a contract with a contiguous sewerage authority for the treatment or disposal of sewage, and thereafter adopts a resolution determining not to be represented in the membership of the contiguous sewerage authority and files a copy thereof, duly certified by its secretary, in the office of the contiguous sewerage authority, the terms of office of any additional members shall cease and no additional members shall be appointed thereafter.
(cf: P.L.1994, c.85, s.1)

2. Section 5 of P.L.1946, c.138 (C.40:14A-5) is amended to read as follows:

5. (a) The powers of a sewerage authority shall be vested in the members thereof in office from time to time. A majority of the entire authorized membership of the sewerage authority shall constitute a quorum at any meeting thereof. Action may be taken and motions and resolutions adopted by the sewerage authority at any meeting of the members thereof by vote of a majority of the members present, unless in any case the by-laws of the sewerage authority shall require a larger number. The sewerage authority may delegate to one or more of its officers, agents or employees such powers and duties as it may deem proper.

The minutes of every meeting of an authority created by a county organized pursuant to the provisions of the "county executive plan" of the "Optional County Charter Law," P.L.1972, c.154 (C.40:41A-1 et seq.) shall be delivered by the end of the fifth business day following the meeting, except as otherwise provided herein, by and under the certification of the secretary of the authority to the county executive. Except as otherwise provided herein, no action taken at a meeting by the members of an authority shall be effective until approved by the county executive or until 10 days after the copy of the minutes shall have been delivered. If, within the 10-day period, the county executive returns to the authority and to the board of freeholders the copy of the minutes with a veto of any action taken by the authority or any member thereof at a meeting, together with a written explanation of the reasons for his veto of the action, that action shall be of no effect unless the board of freeholders overrides the veto of the action by a majority vote of its full membership within 10 days of the receipt of the veto action. The county executive may approve all or any part of an action taken at a meeting prior to the expiration of the 10-day period. If the county executive takes no action with respect to the minutes within the 10-day period, the minutes shall be deemed to be approved. The veto powers accorded under this subsection shall not affect in any way the covenants contained in the bond indentures of the authority, or any collective bargaining agreement or binding arbitration decisions affecting employees of the authority.

No resolution or other action of the authority providing for the issuance or refunding of bonds or other financial obligations shall be adopted or otherwise made effective by the authority without the prior approval in writing of the county executive. This power shall be exercised with due regard for the rights of the holders of bonds of the authority at any time outstanding, and nothing in, or done pursuant to, this subsection shall in any way limit, restrict or alter the obligations or powers of the authority or any representative or officer of the authority to carry out and perform in every detail each and every covenant, agreement or contract at any time made or entered into by or on behalf of the authority with respect to its bonds or for the benefit, protection or security of the holders thereof.

If two-thirds or more of the members of an authority make a determination that an action taken at a meeting is in response to an emergency situation, a copy of the minutes of that meeting shall be delivered to the county executive as soon as practicable following the meeting and the county executive shall have up to 24 hours after the copy of the minutes has been delivered to approve or veto the minutes of that meeting. If the county executive takes no action with respect to the minutes within the 24-hour period, the minutes shall be deemed approved. If, within the 24-hour period, the county executive returns to the authority and to the board of freeholders the copy of the minutes with a veto of any action taken by the authority or any member thereof at the meeting, together with a written explanation of the reasons for his veto of the action, that action shall be of no effect unless the board of freeholders overrides the veto of the action by a majority vote of its full membership within 48 hours of the receipt of the veto action.

(b) Each member of a sewerage authority shall hold office for the term for which he was appointed and until his successor has been appointed and has qualified.

(c) No member, officer or employee of a sewerage authority shall have or acquire any interest, direct or indirect, in the sewerage system or in any property included or planned to be included in the sewerage system or in any contract or proposed contract for materials or services to be furnished to or used by the sewerage authority, but neither the holding of any office or employment in the government of any county or municipality or under any law of the State nor the owning of any property within the State shall be deemed a disqualification for membership in or employment by a sewerage authority, and members of the governing body of a local unit may be appointed by such governing body and may serve as members of a sewerage authority. A member of a sewerage authority may be removed only by the governing body by which he was appointed and only for inefficiency **[**or**]**, neglect of duty **[**or**]**, misconduct in office or for a newly appointed member, following the effective date of P.L. , c. (pending before the Legislature as

this bill), failure to maintain residency wherein the county where the sewerage authority is located and after he shall have been given a copy of the charges against him and, not sooner than ten days thereafter, had opportunity in person or by counsel to be heard thereon by such governing body.

(d) A sewerage authority may reimburse its members for necessary expenses incurred in the discharge of their duties. The resolution, ordinance or parallel ordinances for the creation of a sewerage authority may provide that the members of the sewerage authority may receive compensation for their services within an annual and other limitations to be stated in such resolution, ordinance or parallel ordinances, and in that event, each member may receive from the sewerage authority such compensation for his services as the sewerage authority may determine within the limitations stated in such resolution, ordinance or parallel ordinances. The said annual or other limitations stated in any such resolution, ordinance or parallel ordinances may be amended by subsequent resolution, ordinance or parallel ordinances, as the case may be, but no reduction of any such limitation shall be effective as to any member of the sewerage authority then in office except upon the written consent of the sewerage authority. No member of any sewerage authority shall receive any compensation for his services except as provided in this subsection.

(e) Every sewerage authority, upon the first appointment of its members and thereafter on or after the first day of February in each year, shall annually elect from among its members a chairman and a vice-chairman who shall hold office, until the first day of February next ensuing and until their respective successors have been appointed and have qualified. Every sewerage authority may also, without regard to the provisions of Title 11 of the Revised Statutes, appoint and employ a secretary and such professional and technical advisers and experts and such other officers, agents and employees as it may require, and shall determine their qualifications, terms of office, duties and compensation.

(f) The minutes of every meeting of an authority created by a county which has not adopted the provisions of the "Optional County Charter Law," P.L.1972, c.154 (C.40:41A-1 et seq.), shall be delivered by the end of the fifth business day following the meeting, by and under the certification of the secretary of the authority to each member of the county board of freeholders. No action taken at a meeting by the members of an authority shall be effective if, within 10 days after the copy of the minutes shall have been delivered to each member of the board of freeholders, such action is vetoed by the director of the board of freeholders, with the concurrence of a majority of the members of the board of freeholders. If, within the 10-day period, the board of freeholders returns to the authority the copy of the minutes with a veto of any action taken by the authority or any of the authority's members

thereof at a meeting, that action shall be of no effect. If the director takes no action with respect to the minutes within the 10-day period, the minutes shall be deemed to be approved. The veto power accorded under this subsection shall not affect in any way the covenants contained in the bond indentures of the authority, or any collective bargaining agreement or binding arbitration decisions affecting employees of the authority.
(cf: P.L.2010, c.52, s.2)

3. Section 4 of P.L.1957, c.183 (C.40:14B-4) is amended to read as follows:

4. a. Any governing body may, in the case of a county by resolution or ordinance duly adopted, or in the case of a municipality by ordinance duly adopted, create a public body corporate and politic under the name and style of "the ..... municipal utilities authority," or of "the ..... county utilities authority," with the name of said county or municipality inserted. Said body shall consist of the five members thereof, who, in the case of a county utilities authority, shall be appointed by the county governing body, or by the county executive pursuant to section 37 of P.L.1972, c.154 (C.40:41A-37), as appropriate. In the case of a municipal utilities authority, the governing body of a municipality which is not organized under the town form of government pursuant to the provisions of N.J.S.40A:62-5, or the mayor of a municipality organized under the town form of government pursuant to the provisions of N.J.S.40A:62-5 shall make the appointment. The appointments shall constitute the county or municipal authority contemplated and provided for in this act and an agency and instrumentality of said county or municipality. After the taking effect of the resolution or ordinance for the creation of said body and the filing of a certified copy thereof as in section 7 of this act provided, five persons shall be appointed as the members of the county or municipal authority. The members first appointed shall, by the resolution of appointment, be designated to serve for terms respectively expiring on the first days of the first, second, third, fourth and fifth Februaries next ensuing after the date of their appointment. On or after January 1 in each year after such first appointments, one person shall be appointed as a member of the county or municipal authority to serve for a term commencing on February 1 in such year and expiring on February 1 in the fifth year after such year. In the event of a vacancy in the membership of the county or municipal authority occurring during an unexpired term of office, a person shall be appointed as a member of the county or municipal authority to serve for such unexpired term. <u>At least one member of a county utility authority or municipal utility authority shall reside in a municipality which receives sewerage or water service from the county or municipal utility authority. Any other person newly appointed to serve as a member of a county or</u>

municipal utility authority after the effective date of P.L. , c. (pending before the Legislature as this bill) shall reside in the county in which the utility authority has been established.

b. (1) Any county governing body may provide by resolution or ordinance as appropriate that the county utilities authority created by it shall consist of seven members. The two additional members first appointed pursuant to the resolution or ordinance shall be designated to serve for terms respectively expiring on the first day of the second and third Februaries next ensuing after the date of their appointment. On or after January 1 in the year in which expires the term of the additional member first appointed and in every fifth year thereafter, one person shall be appointed as a member of the county utilities authority by the county governing body as a successor to such additional member, or reappointment of the additional member, to serve for a term commencing on February 1 of such year and expiring on February 1 in the fifth year after such year. At least one member of a county utility authority shall reside in a municipality located within the county and which receives sewerage or water service from the county utility authority. Any other person newly appointed to serve as a member of a county utility authority after the effective date of P.L. , c. (pending before the Legislature as this bill) shall reside in the county in which the utility authority has been established.

(2) Any county governing body may provide by resolution or ordinance as appropriate that the county utilities authority created by it shall consist of nine members. The four additional members first appointed pursuant to said resolution or ordinance shall be designated to serve for terms respectively expiring on the first day of the second, third, fourth and fifth Februaries next ensuing after the date of their appointment. On or after January 1 in the year in which expires the term of said additional member first appointed and in every fifth year thereafter, one person shall be appointed as a member of the county utilities authority by said county governing body as a successor to such additional member, to serve for a term commencing on February 1 of such year and expiring on February 1 in the fifth year after such year. At least one member of a county utility authority shall reside in a municipality located within the county and which receives sewerage or water service from the county utility authority. Any other person newly appointed to serve as a member of a county utility authority after the effective date of P.L. , c. (pending before the Legislature as this bill) shall reside in the county in which the utility authority has been established.

c. Whenever the municipal authority of any county shall certify to the governing body of any county that it has entered into a contract pursuant to section 49 of this act (C.40:14B-49) with one or more municipalities situate within any other county one additional member of the municipal authority for each such other county shall be appointed by the governing body of such other

county as in this section provided. The additional member so appointed for any such other county, and his successors shall be a resident of one of said municipalities situate within such other county and receiving service from the authority. The additional member first appointed or to be first appointed for such other county shall serve for a term expiring on the first day of the fifth February next ensuing after the date of such appointment, and on or after January 1 in the year in which expires the term of the said additional member first appointed, and in every fifth year thereafter, one person shall be appointed by said governing body as a member of the municipal authority as successor to said additional member, to serve for a term commencing on February 1 in such year and expiring on February 1 in the fifth year after such year. If after such appointment of an additional member for such other county the municipal authority shall certify to said governing body of such other county that it is no longer a party to a contract entered into pursuant to section 49 of this act (C.40:14B-49) with any municipality situate within such other county, the term of office of such additional member shall thereupon cease and expire and no additional member for such other county shall thereafter be appointed.

d. In any county wherein a county sewer authority is reorganized as a municipal authority pursuant to section 6 of this act (C.40:14B-6), its governing body shall, by resolution or ordinance as appropriate, reappoint the existing members of the authority to terms corresponding to terms of members first appointed to a municipal authority pursuant to subsection a. of this section; provided, however, that, if said county sewer authority has seven members, then the existing members shall be reappointed to the reorganized municipal authority pursuant to subsections a. and b. of this section.

e. The governing body of a county or municipality may provide in the ordinance or resolution creating the utilities authority for not more than two alternate members. In the case of a county utilities authority the county governing body, or the county executive pursuant to section 37 of P.L.1972, c.154 (C.40:41A-37), shall make the appointment. In the case of a municipal utilities authority, the governing body of a municipality which is not organized under the town form of government pursuant to the provisions of N.J.S.40A:62-5, or the mayor of a municipality organized under the town form of government pursuant to the provisions of N.J.S.40A:62-5, shall make the appointment. Alternate members shall be designated by the governing body, or mayor, as appropriate, as "Alternate No. 1" and "Alternate No. 2" and shall serve during the absence or disqualification of any regular member or members. Any person newly appointed to serve as an alternate member of a county or municipal utility authority after the effective date of P.L. , c. (pending before the Legislature as this

bill) shall reside in the county in which the utility authority has been established. The governing body of the county or municipality shall provide by ordinance or resolution for the order in which the alternates shall serve. The term of each alternate member shall be five years commencing on February 1 of the year of appointment; provided, however, that in the event two alternate members are appointed their initial terms shall be four and five years respectively. The terms of the first alternate members appointed pursuant to this amendatory act shall commence on the day of their appointment and shall expire on the fourth or fifth January 31 next ensuing after the date of their appointments, as the case may be. Alternate members may participate in discussions of the proceedings but may not vote except in the absence or disqualification of a regular member. A vote shall not be delayed in order that a regular member may vote instead of an alternate member.
(cf: P.L.1991, c.10, s.1)

4. Section 5 of P.L.1957, c.183, (C.40:14B-5) is amended to read as follows:

5. The governing bodies of any two or more municipalities, the areas of which together comprise an integral body of territory, may, by parallel ordinances duly adopted by each of such governing bodies within any single calendar year, create a public body corporate and politic under the name and style of "the ..... municipal utilities authority," with all or any significant part of the name of each such municipality or some identifying geographical phrase inserted. Said body shall consist of the members thereof, in an aggregate number as determined in this section, who shall be appointed by resolutions of the several governing bodies as provided in this section. Said body shall constitute the municipal authority contemplated and provided for in P.L.1957, c.183 (C.40:14B-1 et seq.) and an agency and instrumentality of the said municipalities. The number of members of the municipal authority to be appointed for terms of office by the governing body of any such municipality shall be as may be stated in said ordinances which shall be not less than one nor more than three. After the taking effect of the said ordinances of all such municipalities and after the filing of certified copies thereof as provided in section 7 of P.L.1957, c.183 (C.40:14B-7), the appropriate number of persons shall be appointed as members of the municipal authority by the governing body of each municipality. At least one member of a joint municipal utility authority shall reside in a municipality which receives sewerage or water service from the joint municipal utility authority. Any other person newly appointed to serve as a member of a joint municipal utility authority after the effective date of P.L. , c. (pending before the Legislature as this bill) shall reside in the county in which the utility authority has been established.

The members next appointed after the effective date of P.L.1999, c.268 shall divide themselves by lot into classes. If there are five or more members, there shall be five classes. If there are fewer than five members, there shall be as many classes as there are members. To the extent possible, there shall be an equal number of members in each class, and each class shall contain no more than one member from each municipality. The term of members composing the first class shall be vacated at the expiration of the fifth year; the term of members composing the second class shall be vacated at the expiration of the fourth year; the term of members composing the third class, if any, shall be vacated at the expiration of the third year; the term of members composing the fourth class, if any, shall be vacated at the expiration of the second year; and the term of members composing the fifth class, if any, shall be vacated at the expiration of the first year. The term of members of each class shall expire on February 1 of their respective year.

On or after January 1 in the year in which expire the terms of such next appointments, the appropriate number of persons shall be appointed as members of the municipal authority by the governing body of each municipality, to serve for terms commencing on February 1 in such year and expiring on February 1 in the fifth year after such year. In the event of a vacancy in the membership of the municipal authority occurring during an unexpired term of office, a person shall be appointed as a member of the municipal authority to serve for such unexpired term by the governing body which made the original appointment for such unexpired term.

(cf: P.L.1999, c.268, s.1)

5. This act shall take effect immediately.

STATEMENT

This bill would impose residency requirements on individuals nominated to serve as members of the various sewerage authorities and utility authorities throughout the State. The bill would require that any newly appointed member of a county sewerage authority, municipal sewerage authority, joint municipal sewerage authority, county utility authority, municipal utility authority, or joint municipal utility authority reside in the county where the authority has been established. The bill would also require that at least one member of the authority be a resident of a municipality that receives sewer or water treatment services from the authority. Current members would be exempt from the residency requirement and would not be required to satisfy the requirement if they are reappointed.

These authorities are permitted to impose fees on taxpayers and incur indebtedness on behalf of the taxpayers with little oversight or

input from the voters. By imposing a residency requirement on members of the authority it is sponsor's hope that the members of the authority will have a better understanding of the effect their decisions have on their friends and neighbors, as well as their own finances.