

[Second Reprint]

SENATE, No. 3459

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 16, 2021

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator JOSEPH A. LAGANA

District 38 (Bergen and Passaic)

Co-Sponsored by:

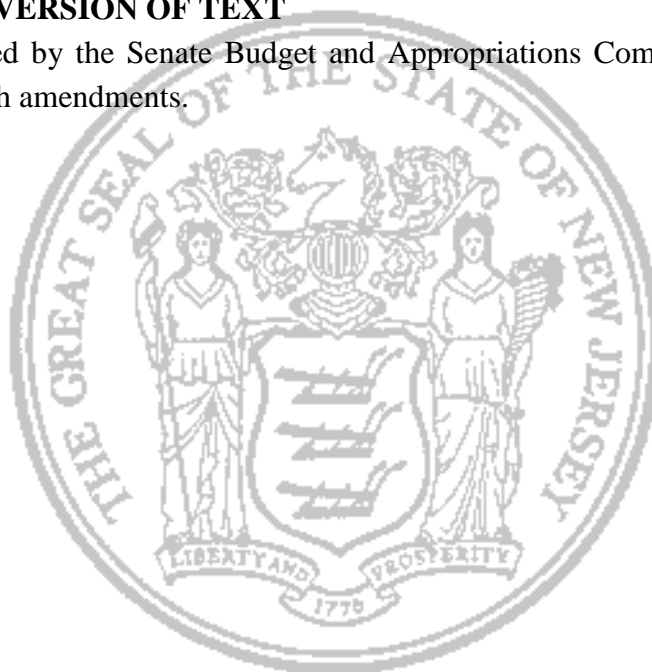
Senators Rice, Stack, Turner, Ruiz and Pou

SYNOPSIS

Removes restrictions on special assessments and bond issuances for replacement of residential lead service lines; revises budgetary requirements for operators of certain water systems.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on June 17, 2021, with amendments.



(Sponsorship Updated As Of: 6/21/2021)

1 AN ACT concerning the financing and operation of water systems,
2 supplementing Title 40A of the New Jersey Statutes, ¹and¹
3 amending various parts of the statutory law ¹[and repealing
4 section 5 of P.L.2017, c.133]¹.
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:
8

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

11 3. As used in **[this act]** P.L.1957, c.183 (C.40:14B-1 et seq.) ,
12 unless a different meaning clearly appears from the context:

13 (1) "Municipality" shall mean any city of any class, any borough,
14 village, town, township, or any other municipality other than a county
15 or a school district, and except when used in section 4, 5, 6, 11, 12, 13,
16 42 or 45 of **[this act]** P.L.1957, c.183 (C.40:14B-4, C.40:14B-5,
17 C.40:14B-6, C.40:14B-11, C.40:14B-12, C.40:14B-13, C.40:14B-42,
18 or C.40:14B-45) , any agency thereof or any two or more thereof
19 acting jointly or any joint meeting or other agency of any two or more
20 thereof;

21 (2) "County" shall mean any county of any class;

22 (3) "Governing body" shall mean, in the case of a county, the
23 board of chosen freeholders, or in the case of those counties organized
24 pursuant to the provisions of the "Optional County Charter Law,"
25 P.L.1972, c.154 (C.40:41A-1 et seq.), the board of chosen freeholders
26 and the county executive, the county supervisor or the county
27 manager, as appropriate, and, in the case of a municipality, the
28 commission, council, board or body, by whatever name it may be
29 known, having charge of the finances of the municipality;

30 (4) "Person" shall mean any person, association, corporation,
31 nation, state or any agency or subdivision thereof, other than a county
32 or municipality of the State or a municipal authority;

33 (5) "Municipal authority," "authority," or "water reclamation
34 authority" shall mean a public body created or organized pursuant to
35 section 4, 5 or 6 of **[this act]** P.L.1957, c.183 (C.40:14B-4, C.40:14B-
36 5, or C.40:14B-6) and shall include a municipal utilities authority
37 created by one or more municipalities and a county utilities authority
38 created by a county;

39 (6) Subject to the exceptions provided in section 10, 11 or 12 of
40 **[this act]** P.L.1957, c.183 (C.40:14B-10, C.40:14B-11, or C.40:14B-
41 12) , "district" shall mean the area within the territorial boundaries of

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:

¹Senate SCU committee amendments adopted March 11, 2021.

²Senate SBA committee amendments adopted June 17, 2021.

1 the county, or of the municipality or municipalities, which created or
2 joined in or caused the creation or organization of a municipal
3 authority;

4 (7) "Local unit" shall mean the county, or any municipality, which
5 created or joined in or caused the creation or organization of a
6 municipal authority;

7 (8) "Water system" shall mean the plants, structures and other real
8 and personal property acquired, constructed or operated or to be
9 acquired, constructed or operated by a municipal authority or by any
10 person to whom a municipal authority has extended credit for this
11 purpose for the purposes of the municipal authority, including
12 reservoirs, basins, dams, canals, aqueducts, standpipes, conduits,
13 pipelines, mains, pumping stations, water distribution systems,
14 compensating reservoirs, waterworks or sources of water supply,
15 wells, purification or filtration plants or other plants and works,
16 connections, rights of flowage or division, and other plants, structures,
17 boats, conveyances, and other real and personal property, and rights
18 therein, and appurtenances necessary or useful and convenient for the
19 accumulation, supply and redistribution of water.

20 The term "water system" shall include the replacement of service
21 connections to a publicly-owned water system, from the distribution
22 main onto privately-owned real property and into a privately-owned
23 structure, when used in reference to a project undertaken for the
24 purpose of replacing **【lead-contaminated】 residential ², commercial,**
25 **and institutional² lead service **【connections】 lines,** regardless of
26 possible private service connection ownership **【,** so long as the project
27 is (a) an environmental infrastructure project, as defined under section
28 3 of P.L.1985, c.334 (C.58:11B-3), and (b) funded either by loans
29 from the New Jersey Infrastructure Bank, created pursuant to section 4
30 of P.L.1985, c.334 (C.58:11B-4), or by loans issued through the
31 Department of Environmental Protection**】;****

32 (9) "Sewerage system" shall mean the plants, structures, on-site
33 wastewater systems and other real and personal property acquired,
34 constructed or operated or to be acquired, constructed, maintained or
35 operated by a municipal authority or by any person to whom a
36 municipal authority has extended credit for this purpose for the
37 purposes of the municipal authority, including sewers, conduits,
38 pipelines, mains, pumping and ventilating stations, sewage treatment
39 or disposal systems, plants and works, connections, outfalls,
40 compensating reservoirs, and other plants, structures, boats,
41 conveyances, and other real and personal property, and rights therein,
42 and appurtenances necessary or useful and convenient for the
43 collection, treatment, purification or disposal in a sanitary manner of
44 any sewage, liquid or solid wastes, night soil or industrial wastes;

45 (10) "Utility system" shall mean a water system, solid waste
46 system, sewerage system, or a hydroelectric system or any

1 combination of such systems, acquired, constructed or operated or to
2 be acquired, constructed or operated by a municipal authority or by
3 any person to whom a municipal authority has extended credit for this
4 purpose;

5 (11) "Cost" shall mean, in addition to the usual connotations
6 thereof, the cost of acquisition or construction of all or any part of a
7 utility system and of all or any property, rights, easements, privileges,
8 agreements and franchises deemed by the municipal authority to be
9 necessary or useful and convenient therefor or in connection therewith
10 and the cost of retiring the present value of the unfunded accrued
11 liability due and owing by a municipal authority, as calculated by the
12 system actuary for a date certain upon the request of a municipal
13 authority, for early retirement incentive benefits granted by the
14 municipal authority pursuant to P.L.1991, c.230 and P.L.1993, c.181,
15 including interest or discount on bonds, cost of issuance of bonds,
16 engineering and inspection costs and legal expenses, cost of financial,
17 professional and other estimates and advice, organization,
18 administrative, operating and other expenses of the municipal
19 authority prior to and during such acquisition or construction, and all
20 such other expenses as may be necessary or incident to the financing,
21 acquisition, construction and completion of said utility system or part
22 thereof and the placing of the same in operation, and also such
23 provision or reserves for working capital, operating, maintenance or
24 replacement expenses or for payment or security of principal of or
25 interest on bonds during or after such acquisition or construction as the
26 municipal authority may determine, and also reimbursements to the
27 municipal authority or any county, municipality or other person of any
28 moneys theretofore expended for the purposes of the municipal
29 authority or to any county or municipality of any moneys theretofore
30 expended for or in connection with water supply, solid waste, water
31 distribution, sanitation or hydroelectric facilities;

32 (12) "Real property" shall mean lands both within or without the
33 State, and improvements thereof or thereon, or any rights or interests
34 therein;

35 (13) "Construct" and "construction" shall connote and include acts
36 of construction, reconstruction, replacement, extension, improvement
37 and betterment of a utility system;

38 (14) "Industrial wastes" shall mean liquid or other wastes resulting
39 from any processes of industry, manufacture, trade or business or from
40 the development of any natural resource, and shall include any
41 chemical wastes or hazardous wastes;

42 (15) "Sewage" shall mean the water-carried wastes created in and
43 carried, or to be carried, away from, or to be processed by on-site
44 wastewater systems, residences, hotels, apartments, schools, hospitals,
45 industrial establishments, or any other public or private building,

1 together with such surface or ground water and industrial wastes and
2 **leachate** as may be present;

3 (16) "On-site wastewater system" means any of several facilities,
4 septic tanks or other devices, used to collect, treat, reclaim, or dispose
5 of wastewater or sewage on or adjacent to the property on which the
6 wastewater or sewage is produced, or to convey such wastewater or
7 sewage from said property to such facilities as the authority may
8 establish for its disposal;

9 (17) "Pollution" means the condition of water resulting from the
10 introduction therein of substances of a kind and in quantities rendering
11 it detrimental or immediately or potentially dangerous to the public
12 health, or unfit for public or commercial use;

13 (18) "Bonds" shall mean bonds or other obligations issued
14 pursuant to **this act** P.L.1957, c.183 (C.40:14B-1 et seq.) ;

15 (19) "Service charges" shall mean water service charges, solid
16 waste service charges, sewer service charges, hydroelectric service
17 charges or any combination of such charges, as said terms are defined
18 in section 21 or 22 of **this act** P.L.1957, c.183 (C.40:14B-21 or
19 C.40:14B-22) or in section 7 of **this amendatory and supplementary**
20 **act** P.L.1980, c.34 (C.40:14B-21.1) ;

21 (20) "Compensating reservoir" shall mean the structures, facilities
22 and appurtenances for the impounding, transportation and release of
23 water for the replenishment in periods of drought or at other necessary
24 times of all or a part of waters in or bordering the State diverted into a
25 utility system operated by a municipal authority;

26 (21) "Sewage or water reclamation authority" shall mean a public
27 body created pursuant to the "sewerage authorities law," P.L.1946,
28 c.138 (C.40:14A-1 et seq.) or the acts amendatory thereof or
29 supplemental thereto;

30 (22) "County sewer authority" shall mean a sanitary sewer district
31 authority created pursuant to the act entitled "An act relating to the
32 establishment of sewerage districts in first- and second-class counties,
33 the creation of Sanitary Sewer District Authorities by the establishing
34 of such districts, prescribing the powers and duties of any such
35 authority and of other public bodies in connection with the
36 construction of sewers and sewage disposal facilities in any such
37 district, and providing the ways and means for paying the costs of
38 construction and operation thereof," approved April 23, 1946
39 (P.L.1946, c.123), or the acts amendatory thereof or supplemental
40 thereto;

41 (23) "Chemical waste" shall mean a material normally generated
42 by or used in chemical, petrochemical, plastic, pharmaceutical,
43 biochemical or microbiological manufacturing processes or petroleum
44 refining processes, which has been selected for waste disposal and
45 which is known to hydrolize, ionize or decompose, which is soluble,
46 burns or oxidizes, or which may react with any of the waste materials

1 which are introduced into the landfill, or which is buoyant on water, or
2 which has a viscosity less than that of water or which produces a foul
3 odor. Chemical waste may be either hazardous or nonhazardous;

4 (24) "Effluent" shall mean liquids which are treated in and
5 discharged by sewage treatment plants;

6 (25) "Hazardous wastes" shall mean any waste or combination of
7 waste which poses a present or potential threat to human health, living
8 organisms or the environment. "Hazardous waste" shall include, but
9 not be limited to, waste material that is toxic, corrosive, irritating,
10 sensitizing, radioactive, biologically infectious, explosive or
11 flammable;

12 (26) "Leachate" shall mean a liquid that has been in contact with
13 solid waste and contains dissolved or suspended materials from that
14 solid waste;

15 (27) "Recycling" shall mean the separation, collection, processing
16 or recovery of metals, glass, paper, solid waste and other materials for
17 reuse or for energy production and shall include resource recovery;

18 (28) "Sludge" shall mean any solid, semisolid, or liquid waste
19 generated from a municipal, industrial or other sewage treatment plant,
20 water supply treatment plant, or air pollution control facility, or any
21 other such waste having similar characteristics and effects; "sludge"
22 shall not include effluent;

23 (29) "Solid waste" shall mean garbage, refuse, and other discarded
24 materials resulting from industrial, commercial and agricultural
25 operations, and from domestic and community activities, and shall
26 include all other waste materials including sludge, chemical waste,
27 hazardous wastes and liquids, except for liquids which are treated in
28 public sewage treatment plants and except for solid animal and
29 vegetable wastes collected by swine producers licensed by the State
30 Department of Agriculture to collect, prepare and feed such wastes to
31 swine on their own farms;

32 (30) "Solid waste system" shall mean and include the plants,
33 structures and other real and personal property acquired, constructed or
34 operated or to be acquired, constructed or operated by an authority or
35 by any person to whom a municipal authority has extended credit for
36 this purpose pursuant to the provisions of **[this act]** P.L.1957, c.183
37 (C.40:14B-1 et seq.) , including transfer stations, incinerators,
38 recycling facilities, including facilities for the generation, transmission
39 and distribution of energy derived from the processing of solid waste,
40 sanitary landfill facilities or other property or plants for the collection,
41 recycling or disposal of solid waste and all vehicles, equipment and
42 other real and personal property and rights thereon and appurtenances
43 necessary or useful and convenient for the collection, recycling, or
44 disposal of solid waste in a sanitary manner;

45 (31) "Hydroelectric system" shall mean the plants, structures and
46 other real and personal property acquired, constructed or operated or to

1 be acquired, constructed or operated by an authority pursuant to the
2 provisions of **【this act】** P.L.1957, c.183 (C.40:14B-1 et seq.) ,
3 including all that which is necessary or useful and convenient for the
4 generation, transmission and sale of hydroelectric power at wholesale;

5 (32) "Hydroelectric power" shall mean the production of electric
6 current by the energy of moving water;

7 (33) "Sale of hydroelectric power at wholesale" shall mean any
8 sale of hydroelectric power to any person for purposes of resale of
9 such power;

10 (34) "Alternative electrical energy" shall mean electrical energy
11 produced from solar, photovoltaic, wind, geothermal, or biomass
12 technologies, provided that in the case of biomass technology, the
13 biomass is cultivated and harvested in a sustainable manner;

14 (35) "Alternative electrical energy system" shall mean any system
15 which uses alternative electrical energy to provide all or a portion of
16 the electricity for the heating, cooling, or general electrical energy
17 needs of a building;

18 (36) "Pilot county" shall mean a county of the second class having
19 a population between 280,000 and 290,000, a population between
20 510,000 and 520,000, and a population between 530,000 and 540,000
21 according to the 2010 federal decennial census; **【and】**

22 (37) "Pilot county utilities authority" shall mean a county utilities
23 authority in a county designated as a pilot county; ²**【and】**²

24 (38) "Lead service line" means a water supply connection that is
25 made of, or lined with, ²**【materials】** a material² consisting of lead ²;
26 and ²**【that】** which² connects a water main to a building inlet. A lead
27 pigtail, lead gooseneck, or other lead fitting shall be considered a lead
28 service line, regardless of the ²**【other materials in】** composition of²
29 the service line ²or other portions of piping to which such piece is
30 attached². A galvanized service line shall be considered ²to be² a lead
31 service line. A lead service line may be owned by the ²**【supplier of】**
32 public community² water ²system² , a property owner, or both.

33 (cf: P.L.2018, c.114, s.1)

34

35 2. Section 20 of P.L.1957, c.183 (C.40:14B-20) is amended to
36 read as follows:

37 20. Every municipal authority shall be a public body politic and
38 corporate constituting a political subdivision of the State established as
39 an instrumentality exercising public and essential governmental
40 functions to provide for the public health and welfare and shall have
41 perpetual succession and have the following powers:

42 (1) To adopt and have a common seal and to alter the same at
43 pleasure;

44 (2) To sue and be sued;

- 1 (3) In the name of the municipal authority and on its behalf, to
2 acquire, hold, use and dispose of its service charges and other revenues
3 and other moneys;
- 4 (4) In the name of the municipal authority but for the local unit or
5 units, to acquire, rent, hold, lease as lessor, use and dispose of other
6 personal property for the purposes of the municipal authority;
- 7 (5) In the name of the municipal authority but for the local unit or
8 units and subject to the limitations of **【this act】** P.L.1957, c.183
9 (C.40:14B-1 et seq.) , to acquire by purchase, gift, condemnation or
10 otherwise, or lease as lessee, real property and easements therein,
11 necessary or useful and convenient for the purposes of the municipal
12 authority, and subject to mortgages, deeds of trust or other liens, or
13 otherwise, and to hold, lease as lessor, and to use the same, and to
14 dispose of property so acquired no longer necessary for the purposes
15 of the municipal authority;
- 16 (6) To produce, develop, purchase, accumulate, distribute and sell
17 water and water services, facilities and products within or without the
18 district, provided that no water shall be sold at retail in any
19 municipality or county without the district unless the governing body
20 of such municipality or county shall have adopted a resolution
21 requesting the municipal authority to sell water at retail in such
22 municipality or county, and the board of public utility commissioners
23 shall have approved such resolution as necessary and proper for the
24 public convenience;
- 25 (7) To provide for and secure the payment of any bonds and the
26 rights of the holders thereof, and to purchase, hold and dispose of any
27 bonds;
- 28 (8) To accept gifts or grants of real or personal property, money,
29 material, labor or supplies for the purposes of the municipal or county
30 authority, and to make and perform such agreements and contracts as
31 may be necessary or convenient in connection with the procuring,
32 acceptance or disposition of such gifts or grants;
- 33 (9) To enter on any lands, waters or premises for the purpose of
34 making surveys, borings, soundings and examinations for the purposes
35 of the municipal authority, and whenever the operation of a septic tank
36 or other component of an on-site wastewater system shall result in the
37 creation of pollution or contamination source on private property such
38 that under the provisions of R.S.26:3-49, a local board of health would
39 have the authority to notify the owner and require said owner to abate
40 the same, representatives of an authority shall have the power to enter,
41 at all reasonable times, any premises on which such pollution or
42 contamination source shall exist, for the purpose of inspecting,
43 rehabilitating, securing samples of any discharges, improving,
44 repairing, replacing, or upgrading such septic tank or other component
45 of an on-site wastewater system;

1 (10) To establish an inspection program to be performed at least
2 once every three years on all on-site wastewater systems installed
3 within the district which inspection program shall contain the
4 following minimum notice provisions: (i) not less than 30 days prior to
5 the date of the inspection of any on-site wastewater system as
6 described herein, the authority shall notify the owner and resident of
7 the property that the inspection will occur; and (ii) not less than 60
8 days prior to the date of the performance of any work other than an
9 inspection, the municipal authority shall provide notice to the owner
10 and resident of the property in which the work will be performed. The
11 notice to be provided to such owner and resident under this subsection
12 shall include a description of the deficiency which necessitates the
13 work and the proposed remedial action, and the proposed date for
14 beginning and duration of the contemplated remedial action;

15 (11) To prepare and file in the office of the municipal authority
16 records of all inspections, rehabilitation, maintenance, and work,
17 performed with respect to on-site wastewater disposal systems;

18 (12) To make and enforce bylaws or rules and regulations for the
19 management and regulation of its business and affairs and for the use,
20 maintenance and operation of the utility system and any other of its
21 properties, and to amend the same;

22 (13) To do and perform any acts and things authorized by **【this**
23 **act】** P.L.1957, c.183 (C.40:14B-1 et seq.) under, through , or by means
24 of its own officers, agents and employees, or by contracts with any
25 person;

26 (14) To enter into any and all contracts, execute any and all
27 instruments, and do and perform any and all acts or things necessary,
28 convenient or desirable for the purposes of the municipal authority or
29 to carry out any power expressly given in **【this act】** P.L.1957, c.183
30 (C.40:14B-1 et seq.) subject to the "Local Public Contracts Law,"
31 P.L.1971, c.198 (C.40A:11-1 et seq.);

32 (15) To extend credit or make loans to any person for the
33 planning, designing, acquiring, constructing, reconstructing,
34 improving, equipping, furnishing, and operating by that person of any
35 part of a solid waste system, sewage treatment system, wastewater
36 treatment or collection system for the provision of services and
37 facilities within or without the district, which in the case of a solid
38 waste system shall be in a manner consistent with the "Solid Waste
39 Management Act," P.L.1970, c.39 (C.13:1E-1 et seq.) and in
40 conformance with the solid waste management plans adopted by the
41 solid waste management districts created therein. The credits or loans
42 may be secured by loan and security agreements, mortgages, leases
43 and any other instruments, upon such terms as the authority shall deem
44 reasonable, including provision for the establishment and maintenance
45 of reserve and insurance funds, and to require the inclusion in any
46 mortgage, lease, contract, loan and security agreement or other

1 instrument, provisions for the construction, use, operation and
2 maintenance and financing of that part of the aforementioned systems
3 as the authority may deem necessary or desirable;

4 (16) Upon the request of a customer: (i) to offer the customer the
5 ability to receive or access, in electronic format, any periodic bill for
6 service sent by the municipal authority to its customers and any
7 additional information sent by the municipal authority to its customers
8 as required by law, provided that any notice of disconnection,
9 discontinuance or termination of service shall be sent to a customer in
10 written form at the customer's legal mailing address in addition to
11 being sent or being made available in electronic format; and (ii) to
12 provide the customer the option of paying any such periodic bill via
13 electronic means;

14 (17) In the case of an authority that is a pilot county utilities
15 authority, to fund improvements to county infrastructure pursuant to
16 the provisions of subsection b. of section 40 of P.L.1957, c.183
17 (C.40:14B-40); and

18 (18) To **【construct or reconstruct and】** finance the replacement of
19 service connections to a publicly-owned water system, from the
20 distribution main onto privately-owned real property and into the
21 privately-owned structure, for the purpose of replacing residential²,
22 commercial, and institutional² **【contaminated】** service
23 **【connections】** lines, regardless of possible private service connection
24 ownership **【**, so long as the project is (a) undertaken as an
25 environmental infrastructure project, as defined under section 3 of
26 P.L.1985, c.334 (C.58:11B-3), and (b) funded either by loans from the
27 New Jersey Infrastructure Bank, created pursuant to section 4 of
28 P.L.1985, c.334 (C.58:11B-4), or by loans issued through the
29 Department of Environmental Protection**】**.

30 (cf: P.L.2018, c.114, s.2)

31

32 3. R.S.40:56-1 is amended to read as follows:

33 40:56-1. A local improvement is one, the cost of which, or a
34 portion thereof, may be assessed upon the lands in the vicinity thereof
35 benefited thereby.

36 Any municipality may undertake any of the following works as a
37 local improvement; and the governing body thereof may make, amend,
38 repeal and enforce ordinances for carrying into effect all powers
39 granted in this section:

40 a. The laying out, opening or establishing of a new street, alley,
41 or other public highway, or portion thereof.

42 b. The widening, straightening, extension, alteration or changing
43 in any manner of the location of a street, alley or other public highway,
44 or portion thereof.

45 c. The grading or alteration of the grade of a street, alley or other
46 public highway, or portion thereof.

- 1 d. The paving, repaving, or otherwise improving or reimproving a
2 street, alley or other public highway, or portion thereof.
- 3 e. The curbing or recurbing, guttering or reguttering of a sidewalk
4 in, upon, or along a street, alley or other public highway, or portion
5 thereof.
- 6 f. The construction, reconstruction, improvement and
7 reimprovement of bridges and viaducts.
- 8 g. The construction, reconstruction, improvement, reimprovement
9 or relocation of a public walk or driveway on any beach, or along the
10 ocean or any river or other waterway.
- 11 h. The improvement or reimprovement of any beach or water
12 front, and the providing of suitable protection to prevent damage to
13 lands or property by the ocean or other waters, including the filing in
14 and grading necessary for the protection of such improvements.
- 15 i. The construction, reconstruction, enlargement or extension of a
16 sewer or drain in, under or along a street, alley or public highway, or
17 portion thereof, or in, under or along any public or private lands; the
18 construction, reconstruction, enlargement or extension of a system of
19 sewerage or drainage or both combined; the construction,
20 reconstruction, enlargement or extension of a system of drainage of the
21 marshes and wet lowlands within the municipality; the construction,
22 reconstruction, enlargement or alteration of a system of works for the
23 sanitary disposal of sewage or drainage.
- 24 j. (1) The installation of service connections to a system of
25 water, gas, light, heat or power works owned by a municipality or
26 otherwise, including all such works as may be necessary for supplying
27 water, gas, light, heat or power to real estate for whose benefit such
28 services are provided. This authorization includes, but shall not be
29 limited to, the installation of service connections to a publicly-owned
30 water system, from the distribution main onto privately-owned real
31 property and into the privately-owned structure, for the purpose of
32 replacing **【lead-contaminated】 residential ², commercial, and**
33 **institutional² lead service 【connections】 lines**, regardless of possible
34 private service connection ownership **【**, so long as the project is (a)
35 undertaken as an environmental infrastructure project, as defined
36 under section 3 of P.L.1985, c.334 (C.58:11B-3), and (b) funded either
37 by loans from the New Jersey Infrastructure Bank, created pursuant to
38 section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans issued through
39 the Department of Environmental Protection**】**;
- 40 (2) The installation of service connections including the laying,
41 construction or placing of mains, conduits or cables in, under or along
42 a street, alley or other public highway or portion thereof.
- 43 k. The construction, reconstruction, enlargement or extension of
44 any water main or other works for the distribution of water supplied by
45 the State or any of its political subdivisions, or any public agency of
46 any of the same.

1 l. The installation of such lighting standards, appliances and
2 appurtenances as may be required for the brilliant illumination of the
3 streets in those parts of the municipality where the governing body of
4 the municipality may deem it necessary or proper to establish what is
5 commonly called a "white way."

6 m. The widening, deepening or improvement of any stream, creek,
7 river or other waterway.

8 n. The removal of obstructions in, and the constructing,
9 reconstructing, enlarging or extending of any waterway, of enclosing
10 walls, or of a pipe or conduit or any brook or watercourse, or part of
11 same.

12 o. The defining of the location and the establishment of widths,
13 grades and elevations of any stream, creek, river or other waterway,
14 and the preventing of encroachments upon the same.

15 p. The reclaiming, filling and improving and bulkheading and
16 filling in lands lying under tidal or other water, in whole or in part,
17 within the municipality; the reclaiming or filling or bulkheading and
18 filling those lands or lands adjacent to such reclaimed or filled lands;
19 to dredge channels or improve harbor approaches in the waters
20 abounding the lands to be reclaimed, filled and improved, or
21 bulkheaded and filled; provided, the approval of the **【Planning and**
22 **Development Council of the Division of Planning and Development in**
23 **the Department of Conservation and Economic Development of the**
24 **State of New Jersey】 Tidelands Resource Council established pursuant**
25 **to section 10 of P.L.1948, c.448 (C.13:1B-10)** , and when necessary,
26 the permission of the **【Federal】 federal** authorities in charge of the
27 district port in which the improvements are proposed to be made, to
28 improve and dredge channels and construct and improve the harbor
29 approaches to those lands, shall be first had and obtained.

30 The governing body may enter into agreements with the **【Federal**
31 **Government】 federal government** for reimbursement to the
32 municipality for all or a portion of the cost of dredging channels or
33 improving harbor approaches in waters under the jurisdiction of the
34 **【Federal Government】 federal government** .

35 If any portion of the amount assessed against the lands within the
36 municipality for the improvement shall be reimbursed to the
37 municipality by the **【Federal Government】 federal government** after
38 the assessment has been made, then a credit shall be made on each
39 assessment levied in proportion to the amount so received from the
40 **【Federal Government】 federal government** ; provided, the amount
41 received by the municipality from the **【Federal Government】 federal**
42 **government** shall be in excess of the amount fixed in the assessment to
43 be borne by the municipality at large.

44 If any portion of the land included within lands benefited or
45 improved by any work done in connection with the reclaiming, filling
46 or bulkheading and filling shall be riparian lands or lands under water,

1 for which the riparian grant has not theretofore been made by the
2 State, the municipal board or body authorized to make assessments for
3 improvements in accordance with this subtitle may include in any such
4 assessment a prospective assessment against the riparian lands or lands
5 under water, and a copy of such prospective assessment shall be filed
6 with the **【Planning and Development Council of the Division of**
7 **Planning and Development in the Department of Conservation and**
8 **Economic Development of the State of New Jersey】** Tidelands
9 Resource Council and shall be a part of the records of that council.
10 Upon the sale or grant by the State of the riparian rights to any such
11 lands for which a prospective assessment has been filed with the
12 council, the amount of such prospective assessment together with
13 interest at the rate of five **【per centum (5%) per annum】** percent
14 annually from the time of the confirmation of the assessment for the
15 improvement shall be included by **【said Planning and Development**
16 **Council】** the Tidelands Resource Council in the purchase price fixed
17 for such lands and made a part of the payment for the grant, and the
18 amount of the assessment with interest, when paid, shall be turned
19 over by **【said Planning and Development Council】** the Tidelands
20 Resource Council to the municipality making the assessment. Such
21 prospective assessment shall also be included in the general
22 assessment for and against any such riparian lands or lands under
23 water for which an annual rental or fee is being charged or collected
24 by **【said Planning and Development Council】** the Tidelands Resource
25 Council under any agreement by which the fee of any such riparian
26 lands is passed, and when the fee does so pass by grant from the State
27 the prospective assessment shall become immediately due and
28 payable, together with interest thereon at the rate of five **【per centum**
29 **(5%) per annum】** percent annually from the time of the confirmation
30 of the assessment for the improvement and the assessment shall
31 become a lien upon those lands until paid and shall be collectible as
32 other liens for public improvements in the municipality. Should **【said**
33 **Planning and Development Council】** the Tidelands Resource Council
34 lease for a term of years any such riparian lands or lands under water,
35 included within lands benefited or improved by any work done in
36 connection with the reclaiming, filling or bulkheading and filling, it
37 shall include in the annual rental to be charged therefor one-tenth of
38 the amount of the prospective assessment for each year of the term not
39 exceeding ten years until the prospective assessment and the interest
40 thereon at the rate of five **【per centum (5%) per annum】** percent
41 annually from the time of confirmation of the assessment for the
42 improvement, shall be paid. If the lease shall be for a period less than
43 ten years, such provision shall be contained in any and all extensions
44 and renewals thereof, or in any new leases until the full prospective
45 assessment with such interest shall have been paid. Nothing contained

1 in this subparagraph shall apply to lands owned by a company whose
2 rates are subject to regulation by the Board of Public **Utility**
3 **Commissioners** Utilities.

4 Whenever convenient more than one of the works provided for in
5 this section may be carried on as one improvement. Any municipality
6 may undertake any or all of the works mentioned in this section as a
7 general improvement to be paid for by general taxation, and any
8 municipality may provide for the maintenance, repair and operation of
9 any or all of said works by taxation whether the same are undertaken
10 as local or general improvements.

11 (cf: P.L.2018, c.114, s.3)

12

13 4. R.S.40:56-35 is amended to read as follows:

14 40:56-35. The governing body may by resolution provide that the
15 owner of any real estate upon which any assessments for any
16 improvement shall have been made may pay such assessments in such
17 equal yearly or quarterly installments, not exceeding ten years in
18 duration, except as hereinafter provided, with legal interest thereon,
19 and at such time in each year as the governing body shall determine,
20 but any person assessed may pay the whole of any assessment, or any
21 balance of installments, with accrued interest thereon, at one time. If
22 any such installment shall remain unpaid for 30 days after the time
23 when the same shall have become due, either:

24 a. the whole assessment or balance due thereon shall become and
25 be immediately due, shall draw interest at the rate imposed upon the
26 arrearage of taxes in such municipality and be collected in the same
27 manner as is provided by this subtitle for other past due assessments;
28 or

29 b. the governing body may, by resolution, permit any person who
30 is delinquent in the payment of such an installment to pay only the
31 amount of the delinquent payment and any interest on the delinquent
32 payment that has accrued from the date that the installment was due
33 and payable until the date that payment of the delinquent installment is
34 made. After the delinquent installment is satisfied, the person assessed
35 shall be reinstated on a regular installment payment schedule.

36 Whenever any owner shall be given the privilege of paying any
37 assessment in installments such assessment shall remain a lien upon
38 the land described therein until the same with all installments and
39 accrued interest thereon shall be paid, and no proceedings to collect or
40 enforce the same need be taken until default shall be made in the
41 payment of any installment as hereinbefore in this subtitle provided.

42 In any municipality which is constructing a local improvement
43 with funds secured from the **Federal Government** federal
44 government, through the public works administration, under the terms
45 of the national recovery act, the governing body may provide that the
46 assessments may be payable in yearly or quarterly installments, with

1 legal interest thereon, over a period of years up to but in no event
2 exceeding the term of years for which the funds therefor are borrowed
3 from the Federal Government, and at such time in each year as the
4 governing body shall determine. The governing body may fix the
5 yearly installments in such amounts as in its opinion are equitable and
6 just.

7 In any municipality in which the local improvement is being
8 financed by the sale of bonds, the governing body may provide that the
9 assessments may be payable in yearly or quarterly installments, with
10 legal interest thereon, over a period of years up to but in no event
11 exceeding the period of years for which the bonds were issued, or for
12 20 years, whichever shall be less, and at such time in each year as the
13 governing body shall determine. In the case of assessments for the
14 replacement of service connections to a publicly-owned water system,
15 from the distribution main onto privately-owned real property and into
16 a privately-owned structure, when used in reference to a project
17 undertaken for the purpose of replacing residential², commercial, and
18 institutional² lead service lines, regardless of possible private service
19 connection ownership, the period of years may be greater than 20
20 years but shall not exceed 30 years. The governing body may fix the
21 yearly installments in such amounts as in its opinion are equitable and
22 just.

23 (cf: P.L.1997, c.5, s.1)

24

25 5. N.J.S.40A:2-22 is amended to read as follows:

26 40A:2-22. The governing body of the local unit shall determine
27 the period of usefulness of any purpose according to its reasonable life
28 computed from the date of the bonds, which period shall not be greater
29 than the following:

30 a. Buildings and structures.

31 1. Bridges, including retaining walls and approaches, or
32 permanent structures of brick, stone, concrete or metal, or similar
33 durable construction, 30 years.

34 2. Buildings, including the original furnishings and equipment
35 therefor:

36 Class A: A building, of which all walls, floors, partitions, stairs
37 and roof are wholly of incombustible material, except the window
38 frames, doors, top flooring and wooden handrails on the stairs, 40
39 years;

40 Class B: A building, the outer walls of which are wholly of
41 incombustible material, except the window frames and doors, 30
42 years;

43 Class C: A building which does not meet the requirements of
44 Class A or Class B, 20 years.

- 1 3. Buildings or structures acquired substantially reconstructed or
2 additions thereto, one-half the period fixed in this subsection for such
3 buildings or structures.
- 4 4. Additional furnishings, five years.
- 5 b. Marine improvements.
- 6 1. Harbor improvements, docks or marine terminals, 40 years.
- 7 2. Dikes, bulkheads, jetties or similar devices of stone, concrete
8 or metal, 15 years; of wood or partly of wood, 10 years.
- 9 c. Additional equipment and machinery.
- 10 1. Additional or replacement equipment and machinery, 15 years.
- 11 2. Voting machines, 15 years.
- 12 3. Information technology and telecommunications equipment, 7
13 years, except that for items with a unit cost of less than \$5,000, 5
14 years.
- 15 d. Real property.
- 16 1. Acquisition for any public purpose of lands or riparian rights,
17 or both, and the original dredging, grading, draining or planting
18 thereof, 40 years.
- 19 2. Improvement of airport, cemetery, golf course, park,
20 playground, 15 years.
- 21 3. Stadia of concrete or other incombustible materials, 20 years.
- 22 e. Streets or thoroughfares.
- 23 1. Elimination of grade crossings, 35 years.
- 24 2. Streets or roads:
25 Class A: Rigid pavement. A pavement of not less than eight
26 inches of cement concrete or a six-inch cement concrete base with not
27 less than three-inch bituminous concrete surface course, or equivalent
28 wearing surface, 20 years.
29 Flexible pavement. A pavement not less than 10 inches in depth
30 consisting of five-inch macadam base, three-inch modified penetration
31 macadam and three-inch bituminous concrete surface course or other
32 pavements of equivalent strength, in accordance with the findings of
33 the American Association of State Highway Officials (AASHO) Road
34 Test, 20 years.
35 Class B: Mixed surface-treated road. An eight-inch surface of
36 gravel, stone or other selected material under partial control mixed
37 with cement or lime and fly ash, six inches in compacted thickness
38 with bituminous surface treatment and cover, 10 years.
39 Bituminous penetration road. A five-inch gravel or stone base
40 course and a three-inch course bound with a bituminous or equivalent
41 binder, 10 years.
42 Class C: Mixed bituminous road. An eight-inch surface of gravel,
43 stone, or other selected material under partial control mixed with
44 bituminous material one inch or more in compacted thickness, five
45 years.
46 Penetration macadam road. A road of sand, gravel or water-bound
47 macadam, or surfacing with penetration macadam, five years.

- 1 3. Sidewalks, curbs and gutters of stone, concrete or brick, 10
2 years.
- 3 The period of usefulness in this subsection shall apply to
4 construction and reconstruction of streets and thoroughfares.
- 5 f. Utilities and municipal systems.
- 6 1. Sewerage system, whether sanitary or storm water, water
7 supply or distribution system, 40 years.
- 8 2. Electric light, power or gas systems, garbage, refuse or ashes
9 incinerator or disposal plant, 25 years.
- 10 3. Communication and signal systems, 10 years.
- 11 4. **【House】** Service connections to publicly-owned gas, water or
12 sewerage systems from the service main in the street to the curb or
13 property lines where not part of original installation, five years.
- 14 5. **【House】** Service connections to publicly-owned water
15 systems, from the distribution main onto privately-owned real property
16 and into the privately-owned structure, for the purpose of replacing
17 **【lead-contaminated house connections, so long as the project is (a)**
18 **undertaken as an environmental infrastructure project, as defined**
19 **under section 3 of P.L.1985, c.334 (C.58:11B-3), and (b) funded either**
20 **by loans from the New Jersey Infrastructure Bank, created pursuant to**
21 **section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans issued through**
22 **the Department of Environmental Protection】** residential²,
23 commercial, and institutional² lead service lines, 30 years.
- 24 g. Vehicles and apparatus.
- 25 1. Fire engines, apparatus and equipment, when purchased new,
26 but not fire equipment purchased separately, 10 years.
- 27 2. Automotive vehicles, including original apparatus and
28 equipment (other than passenger cars and station wagons), when
29 purchased new, five years.
- 30 3. Major repairs, reconditioning or overhaul of fire engines and
31 apparatus, ambulances, rescue vehicles, and similar public safety
32 vehicles (other than passenger cars and station wagons) which may
33 reasonably be expected to extend for at least five years the period of
34 usefulness thereof, five years.
- 35 h. The closure of a sanitary landfill facility utilized, owned or
36 operated by a county or municipality, 15 years; provided that the
37 closure has been approved by the Board of Public Utilities and the
38 Department of Environmental Protection. For the purposes of this
39 subsection "closure" means all activities associated with the design,
40 purchase or construction of all measures required by the Department of
41 Environmental Protection, pursuant to law, in order to prevent,
42 minimize or monitor pollution or health hazards resulting from
43 sanitary landfill facilities subsequent to the termination of operations
44 at any portion thereof, including, but not necessarily limited to, the
45 costs of the placement of earthen or vegetative cover, and the

1 installation of methane gas vents or monitors and leachate monitoring
2 wells or collection systems at the site of any sanitary landfill facility.

3 i. (Deleted by amendment, P.L.2007, c.62.)

4 j. The prefunding of a claims account for environmental liability
5 claims by an environmental impairment liability insurance pool
6 pursuant to P.L.1993, c.269 (C.40A:10-38.1 et al.), 20 years.
7 (cf: P.L.2018, c.114, s.4)

8

9 6. (New section) a. A local unit shall be required to conduct a
10 periodic study of the adequacy and reasonableness of the rates, fees,
11 rents, and charges for ¹[each] a¹ water ¹[utility] system¹ that the
12 local unit owns or operates through a utility¹. The Local Finance
13 Board in the Department of Community Affairs shall adopt,
14 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
15 (C.52:14B-1 et seq.), the procedures, requirements, and frequency
16 of the study. Each completed study shall be submitted to the
17 Director of the Division of Local Government Services in the
18 Department of Community Affairs along with the annual budget of
19 the local unit.

20 b. The director may summon appropriate officials of the local
21 unit to a hearing before the Local Finance Board if the director
22 determines that the rates, fees, rents, or charges for a water ¹system
23 that the local unit owns or operates through a¹ utility may not be
24 adequate or reasonable as determined by the study conducted
25 pursuant to subsection a. of this section, or if the local unit fails to
26 conduct a study pursuant to subsection a. of this section. The Local
27 Finance Board may require the production of papers, documents,
28 witnesses, or information and may take or cause to be made an audit
29 or investigation of the circumstances with respect to which the
30 hearing was called. After the hearing, the Local Finance Board
31 shall have the power to order the local unit to adjust the ¹utility's
32 water system-related¹ rents, rates, fees, or charges ¹[of a water
33 utility]¹, or take such other action as the Local Finance Board
34 deems appropriate to ensure the integrity of the utility's water
35 infrastructure, and this order shall be valid and enforceable
36 notwithstanding any provision of R.S.48:2-1 et seq. to the contrary.

37

38 7. N.J.S.40A:4-43 is amended to read as follows:

39 40A:4-43. The governing body may and shall, when directed by
40 the local government board, prepare, approve and adopt a budget
41 for the expenditure of public funds for capital purposes to give
42 effect to general improvement programs.

43 A capital budget shall be a plan for the expenditure of public
44 funds for capital purposes, showing as income the revenues, special
45 assessments, free surplus, and down payment appropriations to be
46 applied to the cost of a capital project or projects, expenses of

1 issuance of obligations, engineering supervision, contracts and any
2 other related expenditures. The capital budget for a local unit that
3 is required to prepare an asset management plan pursuant to section
4 7 of the "Water Quality Accountability Act," P.L.2017, c.133
5 (C.58:31-7) or that holds a permit pursuant to the "Water Pollution
6 Control Act," P.L.1977, c.74 (C.58:10A-1 et seq.) shall identify the
7 infrastructure improvements to be undertaken in accordance with
8 the local unit's asset management plan or pursuant to any rule or
9 regulation pertaining to asset management adopted by the
10 Commissioner of Environmental Protection pursuant to P.L.1977,
11 c.74 (C.58:10A-1 et seq.), as applicable, and their cost.
12 (cf: N.J.S.40A:4-43)

13
14 8. N.J.S.40A:4-44 is amended to read as follows:

15 40A:4-44. The local government board shall adopt, and may
16 from time to time amend, reasonable rules and regulations for
17 capital budgets. Regulations may classify the type of budget
18 required, according to the size of the local unit, the nature of the
19 capital projects or any other reasonable basis of distinction, and
20 shall require a statement of capital undertakings underway or
21 projected for a period not greater than over the next ensuing 6 years
22 as a general improvement program. The statement of capital
23 undertakings for local unit that is required to prepare an asset
24 management plan pursuant to section 7 of the "Water Quality
25 Accountability Act," P.L.2017, c.133 (C.58:31-7) or that holds a
26 permit pursuant to the "Water Pollution Control Act," P.L.1977,
27 c.74 (C.58:10A-1 et seq.) shall identify the infrastructure
28 improvements to be undertaken in accordance with the local unit's
29 asset management plan or pursuant to any rule or regulation
30 pertaining to asset management adopted by the Commissioner of
31 Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-1
32 et seq.), as applicable, and their cost.

33 After promulgation of regulations by the local government
34 board, the governing body shall expend or incur obligations for
35 capital purposes only after the adoption of a capital budget and in
36 accordance with such budget except for the preliminary expense of
37 plans, specifications and estimates.
38 (cf: N.J.S.40A:4-44)

39
40 9. N.J.S.40A:4-78 is amended to read as follows:

41 40A:4-78. a. If the director finds that all requirements of law and
42 of the regulations of the local government board have been met,
43 **[he]** the director shall approve the budget, otherwise **[he]** the
44 director shall refuse to approve it.

45 The director, in refusing to approve a budget, shall not substitute
46 **[his]** the director's discretion with respect to the amount of an

1 appropriation when such amount is not made mandatory because of
2 the requirements of law. If a budget fails to incorporate
3 infrastructure improvements identified in an asset management plan
4 required pursuant to section 7 of P.L.2017, c.133 (C.58:31-7) or any
5 rule or regulation pertaining to asset management adopted by the
6 Commissioner of Environmental Protection pursuant to P.L.1977,
7 c.74 (C.58:10A-1 et seq.), as applicable, the director may order the
8 inclusion of the improvements, along with any revenues or
9 appropriations necessary to fund and effectuate the improvements.
10 The director may order such other measures as the director deems
11 necessary to ensure the integrity of the local unit's water
12 infrastructure; however, the director may take into account the local
13 unit's fiscal circumstances in determining appropriate measures.

14 b. Notwithstanding the provisions of N.J.S.40A:4-10 and
15 N.J.S.40A:4-76 through 40A:4-79, the Local Finance Board is
16 authorized to adopt rules, pursuant to the "Administrative Procedure
17 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to exempt certain
18 municipalities from the requirement that the director approve their
19 annual budgets and to provide instead for a system of local
20 examination and approval of such budgets by municipal officials,
21 provided that:

22 (1) the director finds that such municipalities are fiscally sound
23 and that their fiscal practices are conducted in accordance with law
24 and sound administrative practice;

25 (2) the director shall examine the budgets of such municipalities
26 in accordance with the provisions of N.J.S.40A:4-10 and
27 N.J.S.40A:4-76 through 40A:4-79, at least every third year;

28 (3) the governing body and chief financial officer of each such
29 municipality shall each file a certification with the director stating
30 that, with reference to the adopted budget of the municipality, they
31 have:

32 (a) examined the budget in the manner prescribed under
33 N.J.S.40A:4-76;

34 (b) determined that the budget complies with the requirements
35 set forth in N.J.S.40A:4-77; and

36 (c) determined that the budget complies with all other
37 provisions of law, including, but not limited to, the "Local Budget
38 Law," N.J.S.40A:4-1 et seq., P.L.1976, c.68 (C.40A:4-45.1 et seq.),
39 and the regulations of the Local Finance Board;

40 (4) all budget documents required by law or the regulations
41 adopted by the Local Finance Board shall be filed with the director
42 on a timely basis;

43 (5) other criteria and responsibilities as established by the
44 regulations adopted by the Local Finance Board are met.

45 c. The director shall act to require immediate compliance with
46 the "Local Budget Law," N.J.S.40A:4-1 et seq., if the director finds
47 that any such exemption impairs the fiscal integrity or solvency of

1 any such municipality. Any appeal of a governing body's action in
2 adopting an annual budget shall be made to the director.

3 d. If a municipality has received approval for a special
4 emergency appropriation pursuant to subsection m. of N.J.S.40A:4-
5 53, that municipality shall not be eligible for local examination and
6 approval pursuant to subsection b. of this section until the fiscal
7 year after the final appropriation is made.

8 (cf: P.L.2020, c.74, s.4)

9

10 10. Section 10 of P.L.1983, c.313 (C.40A:5A-10) is amended to
11 read as follows:

12 10. a. Each authority shall submit a budget for each fiscal year
13 to the director prior to its adoption thereof. The budget shall
14 comply with the terms and provisions of any bond resolutions, and
15 shall be in such form and detail as to items of revenue, expenditure
16 and other content as shall be required by law or by rules and
17 regulations of the Local Finance Board.

18 b. The Local Finance Board shall prescribe by rule or
19 regulation the procedure for the adoption of budgets by authorities.
20 The rules and regulations may include or be similar to any
21 provisions of the "Local Budget Law" (N.J.S.40A:4-1 et seq.) which
22 the Local Finance Board shall deem to be practicable or necessary,
23 and may further include any other provisions and requirements
24 which the Local Finance Board shall deem appropriate or necessary.
25 The rules and regulations shall provide for approval or disapproval
26 of a budget within 45 days of the director's receipt thereof.

27 c. The Local Finance Board shall also prescribe by rule or
28 regulation the procedures and requirements for execution of any
29 budget after adoption, and for the administration of financial affairs
30 of authorities. The rules and regulations may include, without
31 limitation, any provisions of the "Local Budget Law" (N.J.S.40A:4-
32 1 et seq.), and the "Local Fiscal Affairs Law" (N.J.S.40A:5-1 et
33 seq.), which the Local Finance Board shall deem to be practicable
34 and necessary.

35 d. Notwithstanding the provisions of subsection a. of this
36 section and **[N.J.S.40A:5A-11]** section 11 of P.L.1983, c.313
37 (C.40A:5A-11) , the Local Finance Board is authorized to adopt
38 rules and regulations, pursuant to the "Administrative Procedure
39 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to exempt certain
40 authorities from the requirement that the director approve their
41 annual budgets and to provide instead for a system of local
42 examination and approval of such budgets by authority officials,
43 provided that:

44 (1) the director finds that such authorities are fiscally sound and
45 that their fiscal practices are conducted in accordance with law and
46 sound administrative practice;

1 (2) the director shall examine the budgets of such authorities in
 2 accordance with the provisions of this section and **[N.J.S.40A:5A-**
 3 **11]** section 11 of P.L.1983, c.313 (C.40A:5A-11) , at least every
 4 third year;

5 (3) the governing body and chief financial officer of each such
 6 authority shall each file a certification with the director stating that,
 7 with reference to the adopted budget of the authority, they have:

8 (a) examined the budget in the manner prescribed under this
 9 section and **[N.J.S.40A:5A-11]** section 11 of P.L.1983, c.313
 10 (C.40A:5A-11) , and determined that the budget complies with
 11 requirements set forth therein; and

12 (b) determined that the budget complies with all other
 13 provisions of law, including, but not limited to, the "Local
 14 Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et
 15 seq.), and the regulations of the Local Finance Board;

16 (4) all budget documents required by law or the regulations
 17 adopted by the Local Finance Board shall be filed with the director
 18 on a timely basis;

19 (5) other criteria and responsibilities as established by the
 20 regulations adopted by the Local Finance Board are met.

21 The director shall act to require immediate compliance with the
 22 "Local Authorities Fiscal Control Law," P.L.1983, c.313
 23 (C.40A:5A-1 et seq.), if the director finds that any such exemption
 24 impairs the fiscal integrity or solvency of any such authority. Any
 25 appeal of a governing body's action in adopting an annual budget
 26 shall be made to the director.

27 e. The budget for an authority that is required to prepare an
 28 asset management plan pursuant to section 7 of the "Water Quality
 29 Accountability Act," P.L.2017, c.133 (C.58:31-7) or that holds a
 30 permit pursuant to the "Water Pollution Control Act," P.L.1977,
 31 c.74 (C.58:10A-1 et seq.) shall identify the infrastructure
 32 improvements to be undertaken in accordance with the authority's
 33 asset management plan or pursuant to any rule or regulation
 34 pertaining to asset management plans adopted by the Commissioner
 35 of Environmental Protection pursuant to P.L.1977, c.74 (C.58:10A-
 36 1 et seq.), as applicable.

37 (cf: P.L.2015, c.95, s.18)

38

39 11. (New section) a. A ¹**[water] municipal utilities¹** authority
 40 ¹with a water supply operation¹ shall be required to conduct a
 41 periodic study of the adequacy and reasonableness ¹**[its] of the¹**
 42 rates, fees, rents, or charges ¹for the operation¹. The Local Finance
 43 Board in the Department of Community Affairs shall adopt,
 44 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
 45 (C.52:14B-1 et seq.), the procedures, requirements, and frequency
 46 of the study. Each completed study shall be submitted to the

1 Director of the Division of Local Government Services in the
2 Department of Community Affairs along with the annual budget of
3 the authority.

4 b. The director may summon appropriate officials of the
5 authority to a hearing before the Local Finance Board if the director
6 determines that the authority's rates, fees, rents, or charges may not
7 be adequate or reasonable as supported by a study conducted
8 pursuant to subsection a. of this section, or if the authority fails to
9 conduct a study pursuant to subsection a. of this section. The Local
10 Finance Board may require the production of papers, documents,
11 witnesses, or information and may take or cause to be made an audit
12 or investigation of the circumstances with respect to which the
13 hearing was called. After the hearing, the Local Finance Board
14 shall have the power to order ¹**[a water]** the¹ authority to adjust the
15 rents, rates, fees, or charges ¹**[of the authority]** for its water supply
16 operation¹, or take such other action as the Local Finance Board
17 deems appropriate to ensure the integrity of the water infrastructure
18 owned by the ¹**[utility]** authority¹, and this order shall be valid and
19 enforceable notwithstanding any provision of R.S.48:2-1 et seq. to
20 the contrary.

21

22 12. Section 11 of P.L.1983, c.313 (C.40A:5A-11) is amended to
23 read as follows:

24 11. No authority budget subject to the provisions of subsection
25 a. of section 10 of P.L.1983, c.313 (C.40A:5A-10) shall be finally
26 adopted until the director shall have approved same. In granting the
27 approval, the director shall consider whether or not:

28 a. All estimates of revenue are reasonable, accurate and
29 correctly stated;

30 b. Items of appropriation are properly set forth;

31 c. In itemization, form and content, the budget will permit the
32 exercise of the comptroller function within the authority;

33 d. The schedule of rates, fees and charges then in effect will
34 produce sufficient revenues, together with all other anticipated
35 revenues, to satisfy all obligations to the holders of bonds of the
36 authority, to meet operating expenses, capital outlays, debt service
37 requirements, and to provide for such reserves, all as may be
38 required by law, regulation or terms of contracts and agreements.

39 The director may require such documentation, records and other
40 information, and undertake any audit or investigation, as **[he]** the
41 director may deem necessary in connection with **[his]** the review.

42 If the director finds that all requirements of law and the rules and
43 regulations of the Local Finance Board have been met, **[he]** the
44 director shall, within 45 days **[of his]** after receipt of the budget,
45 approve it; otherwise **[he]** the director shall within that time refuse
46 to approve it. The director, in refusing to approve the budget, shall

1 not substitute **his** the director's discretion with respect to the
2 amount of an appropriation when that amount is not made
3 mandatory by law or regulation. If a budget fails to incorporate
4 infrastructure improvements identified in an asset management plan
5 required pursuant to section 7 of P.L.2017, c.133 (C.58:31-7) or any
6 regulations adopted by the Commissioner of Environmental
7 Protection pursuant to P.L.1977, c.74 (C.58:10A-1 et seq.)
8 pertaining to asset management, as applicable, the director may
9 order the inclusion of the improvements, along with any revenues or
10 appropriations necessary to fund and effectuate the improvements.
11 The director may order other measures as the director deems
12 necessary to ensure the integrity of the authority's water
13 infrastructure; however, the director may take into account the
14 authority's fiscal circumstances in determining appropriate
15 measures.

16 Any decision of the director in the course of budget review under
17 this section may be appealed to the Local Finance Board in the
18 manner generally provided by law.

19 (cf: P.L.2015, c.95, s.19)

20

21 13. (New section) a. Whenever there is available an
22 undesigned fund balance or unreserved retained earnings held by
23 a municipal **water** utilities¹ authority with a water supply
24 operation¹ that is being dissolved by a municipality, no more than
25 five percent of the annual costs of operation of the authority, as set
26 forth in the final adopted budget of the authority, may be
27 appropriated therefrom for uses not directly related to drinking
28 water management, unless the Local Finance Board determines that
29 the municipality has demonstrated a need for greater than five
30 percent based on a showing of significant fiscal distress.

31 b. The Local Finance Board may condition its approval for a
32 municipality's proposal to dissolve a municipal **water** utilities¹
33 authority on the municipality's proposal to comply with subsection
34 a. of this section.

35 c. This section shall not apply to a regional authority.

36

37 14. N.J.S.40A:31-3 is amended to read as follows:

38 40A:31-3. As used in **this act** the "County and Municipal
39 Water Supply Act," N.J.S.40A:31-1 et seq. :

40 a. "Bonds" means bond anticipation notes or bonds issued in
41 accordance with the "Local Bond Law," N.J.S.40A:2-1 et seq.

42 b. "Cost" as applied to water supply facilities or extensions or
43 additions thereto, means the cost of acquisition or the construction,
44 including improvement, reconstruction, extension or enlargement,
45 the cost of all labor materials, machinery and equipment, the cost of
46 all lands, property, rights and easements acquired, the cost of

1 demolition or removal of any buildings or structures thereon,
2 financing charges, interest on bonds issued to finance water supply
3 facilities prior to and during construction, the cost of plans and
4 specifications, surveys or estimates of costs and revenues, the cost
5 of engineering, legal services, and any other expenses necessary or
6 incident to determining the feasibility of construction,
7 administrative expenses and such other expenses as may be
8 necessary or incident to the construction or acquisition of water
9 supply facilities, and the financing thereof.

10 c. "Local unit" means a county or municipality.

11 d. "Water supply facilities" means the plants, structures or
12 other real and personal property acquired, constructed or operated,
13 or to be financed, acquired, constructed or operated, or any parts
14 thereof, including reservoirs, basins, dams, canals, aqueducts,
15 standpipes, conduits, pipelines, mains, pumping stations, water
16 distribution systems, compensating reservoirs, waterworks, or
17 sources of water supply, well, purification or filtration plants, or
18 other plants or works, connections, rights of flowage or diversion,
19 and other plants, structures, boats, conveyances and other real and
20 personal property, or rights therein, and appurtenances necessary or
21 useful for the accumulation, supply or distribution of water.
22 Source: C.40:14C-3 (P.L.1979, c.451, s.3).

23 The term "water supply facilities" includes the replacement of
24 service connections to a publicly-owned water system, from the
25 distribution main onto privately-owned real property and into a
26 privately-owned structure, when used in reference to a project
27 undertaken for the purpose of replacing **【lead-contaminated】**
28 residential lead service **【connections】** lines, regardless of possible
29 private service connection ownership **【**, so long as the project is (1)
30 an environmental infrastructure project, as defined under section 3
31 of P.L.1985, c.334 (C.58:11B-3), and (2) funded either by loans
32 from the New Jersey Infrastructure Bank, created pursuant to
33 section 4 of P.L.1985, c.334 (C.58:11B-4), or by loans issued
34 through the Department of Environmental Protection**】**.
35 (cf: P.L.2018, c.114, s.5)

36

37 15. Section 5 of P.L.1995, c.101 (C.58:26-23) is amended to
38 read as follows:

39 5. a. A public entity shall publish notice of its intent to enter
40 into a contract pursuant to P.L.1995, c.101 (C.58:26-19 et al.) in at
41 least one newspaper of general circulation in the jurisdiction or
42 service area that will receive water supply services under the terms
43 of a contract and one newspaper of broad regional circulation, at
44 least 60 days prior to conducting the public hearing required under
45 section 6 of P.L.1995, c.101 (C.58:26-24). In addition, a public
46 entity that intends to enter into a contract with a private firm for the

1 provision of water supply services shall notify in writing the board,
2 department and division of its intent.

3 b. The public notice required under subsection a. of this section
4 shall describe the type of services desired and provide the name,
5 address and phone number of the person who can provide additional
6 information and a proposal document to an interested party. The
7 notice shall specify a deadline, that shall be not less than 30 days
8 from the date of the publication of the notice for the submission of
9 proposals by private firms to the public entity. The public entity
10 may at any time revise the proposal document and each private firm
11 that received a proposal document shall be provided with the
12 revised proposal document.

13 c. The public entity shall conduct a review of the proposals
14 submitted by private firms to determine which proposals meet the
15 minimum qualifications and standards. The review shall be
16 conducted in a manner that avoids disclosure of the contents of a
17 proposal to any private firm submitting a competing proposal. The
18 public entity may conduct discussions with a private firm
19 submitting a qualified proposal for the purpose of clarifying the
20 information submitted in the proposal. The public entity may at any
21 time revise its proposal document after the review of the submitted
22 proposals if it notifies simultaneously and in writing each private
23 firm that submitted a proposal of the revision and provides a
24 uniform time within which a firm may submit a revised proposal for
25 review.

26 d. A public entity shall select one qualified proposal from
27 among those submitted. The public entity shall negotiate a contract
28 with the private firm that submitted the selected proposal. If the
29 public entity is unable to negotiate a satisfactory contract with the
30 selected private firm, it may select another qualified proposal from
31 among those submitted and proceed to negotiate a contract with the
32 private firm that submitted the proposal. The public entity shall set
33 forth in writing the reasons for the selection of the qualified
34 proposal submitted by the private firm with which the public entity
35 has negotiated a proposed contract and shall make this document
36 available to the public along with the proposed contract upon
37 request and during the public hearing conducted pursuant to section
38 6 of P.L.1995, c.101 (C.58:26-24).

39 e. A contract entered into pursuant to P.L.1995, c.101 (C.58:26-
40 19 et al.) shall include provisions addressing the following:

41 (1) The charges, rates, fees or formulas to be used to determine
42 the charges, rates, or fees to be charged by the public entity for the
43 water supply services to be provided **[.]** ;

44 (2) The allocation of the risks of financing and constructing
45 planned capital additions or upgrades to existing water supply
46 facilities **[.]** ;

- 1 (3) The allocation of the risks of operating and maintaining the
2 water supply facility **[.]** ;
- 3 (4) The allocation of the risks associated with circumstances or
4 occurrences beyond the control of the parties to the contract **[.]** ;
- 5 (5) The defaulting and termination of the contract **[.]** ;
- 6 (6) The employment of current employees of the public entity
7 whose positions or employment will be affected by the terms of the
8 contract **[.]** ;
- 9 (7) The private firm's authority and the extent, or the procedures
10 for the use, of that authority to initiate, negotiate and finalize the
11 terms for a bulk sale of surplus water. The contract shall either
12 grant the private firm such authority or specifically state that the
13 firm is denied that authority. Nothing in P.L.1995, c.101 (C.58:26-
14 19. et al.) shall be construed to authorize a public entity that enters
15 into a contract pursuant to P.L.1995, c.101 (C.58:26-19 et al.) to
16 provide for the bulk sale, lease or transfer of water if the water
17 being transferred, leased or sold has been supplied to the public
18 entity either by the New Jersey Water Supply Authority or by the
19 North Jersey District Water Supply Commission, unless the
20 authority pursuant to P.L.1981, c.293 (C.58:1B-1 et seq.) or the
21 district pursuant to R.S.58:5-1 et seq., as appropriate, has agreed to
22 the bulk sale, lease or transfer **[.]** ;
- 23 (8) The requirements for the provision of a performance bond by
24 the private firm, if so required by the public entity ; and
- 25 (9) The allocation of responsibility for compliance with the
26 provisions of the "Water Quality Accountability Act," P.L.2017,
27 c.133 (C.58:31-1 et seq.), if applicable .
- 28 A contract may contain any other terms and conditions that have
29 been negotiated by the public entity and the private firm.
- 30 f. If a dispute over contract compliance, performance or
31 termination cannot be resolved by the public entity and the private
32 firm pursuant to the procedures set forth in the contract, either party
33 to the contract may file with the Superior Court which has
34 appropriate jurisdiction a request for an order either to terminate the
35 contract based on the reasons stated in the request or for an order
36 for other appropriate relief to the dispute. The court may take such
37 action as it may deem necessary to facilitate the expeditious
38 resolution of the dispute and an expeditious response to the request,
39 including ordering the parties to undertake a dispute resolution or
40 mediation process. The court shall use, as it deems necessary, the
41 services of a financial expert in the area of water supply service
42 contracts in its analysis of the contract and the issues before it.
43 Within 90 days after the filing of a request, the court shall either
44 grant the request or deny the request. If the request is granted, the
45 court shall order such appropriate relief measures or remedies as it
46 deems appropriate and necessary.

1 g. A public entity that has negotiated a contract with a private
2 firm pursuant to P.L.1995, c.101 (C.58:26-19 et al.) shall obtain the
3 written opinion of bond counsel as to effect of the contract on the
4 tax exempt status of existing and future financing instruments
5 executed by the public entity given the terms of the contract and the
6 federal laws or regulations concerning this matter.

7 h. If a public entity entering a contract consists of multiple
8 municipalities, a concession fee or other monetary benefit paid by a
9 private firm as a result of the contract shall be paid directly to the
10 municipalities constituting that public entity. Any concession fee or
11 monetary benefit paid by a private firm to a public entity shall be
12 used for the purpose of reducing or off-setting property taxes.
13 (cf: P.L.1995, c.101, s.5)

14
15 16. Section 7 of P.L.1995, c.101 (C.58:26-25) is amended to
16 read as follows:

17 7. a. Within 60 days of receipt of the application, the board
18 and division shall approve, or conditionally approve, an application
19 submitted by a public entity pursuant to subsection f. of section 6 of
20 P.L.1995, c.101 (C.58:26-24). Within 60 days of receipt of the
21 hearing report, the department shall provide any comments on the
22 hearing report it deems appropriate to the board, division and public
23 entity. If the board or division fail to approve or conditionally
24 approve the application within 60 days after receipt, the application
25 shall be deemed approved, unless the public entity has agreed to an
26 extension of the period.

27 b. If either the board or division conditionally approves the
28 application, the board or division shall state in writing the revision
29 to the proposed contract that is necessary in order for it to be
30 approved. If the board or division determines that the required
31 revision is substantial, the public entity shall hold a public hearing
32 on the revision and adhere to the provisions of section 6 of
33 P.L.1995, c.101 (C.58:26-24) in so doing. A substantial revision
34 shall be a change that results in an increase in the charges, rates or
35 fees of the private firm or that materially changes other terms and
36 conditions of the contract. The proposed revision to the contract
37 shall be submitted to the board, division and department 15 days
38 prior to the date of the public hearing. If the board or division
39 determines that the required revision in the conditional approval is
40 not substantial, the public entity shall submit the proposed revision
41 to the contract to the board and the division for approval and to the
42 department for review. The revision shall be approved if found to
43 be consistent with the conditions set forth in the conditional
44 approval, or disapproved with a written explanation as to why the
45 revision is not consistent, within 15 days after the next public
46 meeting of the board or division.

1 c. In its review of a contract, the board shall apply the following
2 criteria in determining whether to approve the contract:

3 (1) The private firm entering into the contract has the financial
4 capacity and technical and administrative experience to ensure
5 continuity of service over the term of the contract and that the
6 standards and requirements contained in the application documents
7 concerning the financial, technical and administrative capacity of
8 the private firm are necessary and sufficient to protect the public
9 interest.

10 (2) The terms of the contract are not unreasonable. In
11 determining whether the terms of the contract are not unreasonable,
12 the board shall review the fees and charges to be charged or
13 assessed under the contract to determine that they are reasonable to
14 the public entity, taking into consideration all of the obligations
15 undertaken by the private firm and all the benefits obtained by the
16 public entity. In making this determination, the board shall not use
17 the traditional rate based rate of return methodology.

18 (3) The franchise customers of a public utility participating in a
19 contract are protected from the risks of the proposed contract and
20 that they are not subsidizing the contract. If a private firm is not a
21 public utility, the board shall ensure that under the terms of the
22 proposed contract the users of water outside of the jurisdiction or
23 service area that will receive water supply services under the
24 contract are also protected from the risks of the contract and that
25 water users outside the jurisdiction or service area are not
26 subsidizing the contract through increased charges, rates or fees for
27 the supply of water.

28 (4) The contract contains the provisions required by paragraphs
29 (1), (2) and (6) of subsection e. of section 5 of P.L.1995, c.101
30 (C.58:26-23).

31 Upon approval of a contract as proposed or as revised in
32 response to a conditional approval, the jurisdiction of the board
33 over the contract shall terminate until or unless the contract is
34 amended to change the formula or other basis of determining
35 charges contained therein.

36 d. In its review of a contract, the division shall apply the
37 following criteria in determining whether to approve the contract:

38 (1) The terms of the proposed contract do not materially impair
39 the ability of the public entity to punctually pay principal and
40 interest due on its outstanding indebtedness and to supply other
41 essential public improvements and services.

42 (2) A concession fee or other monetary benefit paid by a private
43 firm as a result of the contract is paid directly to the municipalities
44 constituting that public entity, if a public entity consisting of
45 multiple municipalities has entered into a contract. Any concession
46 fee or monetary benefit paid by a private firm to a public entity is
47 used for the purpose of reducing or off-setting property taxes.

1 (3) The contract contains the provisions required by paragraphs
2 (3), (4), (5), (7) **【and】**, (8) , and (9) of subsection e. of section 5 of
3 P.L.1995, c.101 (C.58:26-23).

4 The division shall also review and specifically approve any
5 contract provision pursuant to which a public entity will or may
6 execute a financing instrument for the purposes set forth in the
7 contract.

8 e. The board or division may provide the public entity with any
9 non-binding comments or advice during or after the review of the
10 application as the board or division deem appropriate.

11 f. The board or division shall assess and the applicant shall pay a
12 fee equal to the cost incurred by the board or division for an
13 analysis of an application by an independent person who has
14 expertise in the area of water supply services if during the review of
15 an application the board or division determine that such an analysis
16 is required and a person with the required expertise is not readily
17 available from within any executive department of the State
18 government.

19 g. If the public entity and private firm would like to amend a
20 contract after approval of an application by the board and division,
21 the public entity shall submit proposed amendments to the board
22 and division for approval and to the department for review. At the
23 next public meeting of the board and of the division after receipt of
24 proposed amendments, the board and the division shall determine
25 whether the proposed amendments are substantial. If the
26 amendments are substantial in nature as determined by either the
27 board or the division, the public entity shall conduct a hearing
28 pursuant to section 6 of P.L.1995, c.101 (C.58:26-24). Within 60
29 days of the receipt of proposed amendments that are not determined
30 to be substantial, or within 60 days of the receipt of an application
31 for approval of proposed amendments that are determined to be
32 substantial, the board and division shall approve or conditionally
33 approve the amendments in accordance with the applicable
34 procedures established for approval of an original contract pursuant
35 to this section **【7 of P.L.1995, c.101 (C.58:26-19 et al.)】** .

36 (cf: P.L.1995, c.101, s.7)

37
38 ¹**【17.** Section 2 of P.L.2017, c.133 (C.58:31-2) is amended to
39 read as follows:

40 2. As used in **【this act】** P.L.2017, c.133 (C.58:31-1 et seq.) :

41 "Board" means the Board of Public Utilities.

42 "Department" means the Department of Environmental
43 Protection.

44 "New Jersey Cybersecurity and Communications Integration
45 Cell" means the New Jersey Cybersecurity and Communications
46 Integration Cell established pursuant to Executive Order No. 178

1 (2015) in the New Jersey Office of Homeland Security and
2 Preparedness, or any successor entity.

3 "Public community water system" means the same as the term is
4 defined in section 3 of P.L.1977, c.224 (C.58:12A-3).

5 "Water purveyor" means any person that owns a public
6 community water system with more than 500 service connections.
7 (cf: P.L.2017, c.133, s.2)]¹

8
9 ¹[18. Section 3 of P.L.2017, c.133 (C.58:31-3) is amended to
10 read as follows:

11 3. a. Each water purveyor shall inspect each valve in its
12 **[public]** water system in accordance with the provisions of
13 subsection b. of this section in order to determine (1) accessibility
14 of the valve for operational purposes, and (2) the valve's operating
15 condition. A water purveyor shall repair or replace any valve found
16 to be broken or otherwise not operational.

17 b. Each water purveyor shall inspect each valve that is 12 or
18 more inches in diameter **[at least]** in accordance with industry
19 standards and no less frequently than once every **[two]** four years,
20 and shall inspect all other valves **[at least]** in accordance with
21 industry standards and no less frequently than once every **[four]**
22 eight years, except that the requirements of this subsection shall not
23 apply to any service connection valve or customer shut-off valve.
24 At a minimum, each valve inspection conducted pursuant to this
25 subsection shall include:

26 (1) clearing of the area around the valve to ensure full access to
27 the valve for operating purposes;

28 (2) cleaning out of the valve box;

29 (3) dynamic testing of the valve, by opening and then closing
30 the valve for either of the following number of turns:

31 (a) the number of turns recommended by the valve manufacturer
32 to constitute a credible test; or

33 (b) the number of turns which constitutes 15 percent of the total
34 number of turns necessary to completely open or completely close
35 the valve; and

36 (4) complying with any other criteria as may be required by the
37 department pursuant to rules and regulations adopted pursuant to
38 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
39 seq.).

40 c. (1) Each water purveyor shall, once a year, test every fire
41 hydrant in its system in order to determine the hydrant's working
42 condition.

43 (2) Each water purveyor shall formulate and implement a plan
44 for flushing every fire hydrant in the **[public]** water system, and
45 every dead end of a main in the **[public]** water system. This plan

1 for flushing may be combined with the periodic testing of fire
2 hydrants required pursuant to paragraph (1) of this subsection.

3 d. Each water purveyor shall keep a record of all inspections,
4 tests, and flushings conducted pursuant to this section for a period
5 of at least ~~【six】~~ 10 years.

6 e. Each water purveyor that owns, solely or jointly, a fire
7 hydrant shall mark each hydrant with the initials of its name,
8 abbreviation of its name, corporate symbol, or other distinguishing
9 mark or code by which ownership may be readily and definitely
10 ascertained. Each fire hydrant shall be marked with a number or
11 symbol, or both, by which the location of the hydrant may be
12 determined on the water purveyor's office records. The markings
13 may be made with paint, brand, ~~【or with】~~ a soft metal plate, or by
14 another method approved by the department, and shall be of such
15 size and so spaced and maintained as to be easily read.

16 f. Each water purveyor shall identify, to the extent possible,
17 the geographic location of each valve and fire hydrant in its
18 ~~【public】~~ water system using a global positioning system based on
19 satellite or other location technology.

20 (cf: P.L.2017, c.133, s.3)¹

21

22 ¹【19. Section 4 of P.L.2017, c.133 (C.58:31-4) is amended to
23 read as follows:

24 4. a. Within 120 days after the effective date of ~~【this act】~~
25 P.L.2017, c.133 (C.58:31-1 et seq.) , each water purveyor shall
26 develop a cybersecurity program, in accordance with requirements
27 established by the board and the New Jersey Cybersecurity and
28 Communications Integration Cell , that defines and implements
29 organization accountabilities and responsibilities for cyber risk
30 management activities, and establishes policies, plans, processes,
31 and procedures for identifying and mitigating cyber risk to its
32 ~~【public】~~ water system. As part of the program, a water purveyor
33 shall conduct risk assessments and implement appropriate controls
34 to mitigate identified risks to the ~~【public】~~ water system, maintain
35 situational awareness of cyber threats and vulnerabilities to the
36 ~~【public】~~ water system, and create and exercise incident response
37 and recovery plans.

38 A copy of the program developed pursuant to this subsection
39 shall be provided to the New Jersey Cybersecurity and
40 Communications Integration Cell ~~【,~~ established pursuant to
41 Executive Order No. 178 (2015) in the New Jersey Office of
42 Homeland Security and Preparedness~~】~~ .

43 b. Within 60 days after developing the program required
44 pursuant to subsection a. of this section, each water purveyor shall
45 join the New Jersey Cybersecurity and Communications Integration

1 Cell **】, established pursuant to Executive Order No. 178 (2015),**]**
2 and create a cybersecurity incident reporting process.**

3 c. **【A water purveyor that does not have an internet-connected**
4 **control system shall be exempt from the requirements of this**
5 **section.**】** (Deleted by amendment, P.L. , c. (C.) (pending**
6 **before the Legislature as this bill)**
7 **(cf: P.L.2017, c.133, s.4)**】**¹**

8

9 ¹**【20. Section 6 of P.L.2017, c.133 (C.58:31-6) is amended to**
10 **read as follows:**

11 6. In addition to any other certifications required pursuant to
12 law, rule, or regulation, the responsible corporate officer of **【the**】** a**
13 **public community water system with more than 500 service**
14 **connections , if privately held, executive director, if an authority, or**
15 **mayor or chief executive officer of the municipality, if municipally**
16 **owned, as applicable, shall be required to certify in writing each**
17 **year to the Department of Environmental Protection and, if**
18 **applicable, the Board of Public Utilities that the water purveyor**
19 **complies with: all federal and State drinking water regulations,**
20 **including water quality sampling, testing, and reporting**
21 **requirements; the hydrant and valve requirements set forth in**
22 **section 3 of **【this act**】** P.L.2017, c.133 (C.58:31-3) ; **【the notice of****
23 **violation mitigation plan requirements set forth in section 5 of this**
24 **act, if applicable;**】** and the infrastructure improvement investment**
25 **required pursuant to section 7 of **【this act**】** P.L.2017, c.133**
26 **(C.58:31-7) .******

27 **(cf: P.L.2017, c.133, s.6)**】**¹**

28

29 ¹**【21. Section 7 of P.L.2017, c.133 (C.58:31-7) is amended to**
30 **read as follows:**

31 7. a. Beginning no later than 18 months after the effective date
32 of **【this act**】** P.L.2017, c.133 (C.58:31-1 et seq.) , **【every water**
33 **purveyor**】** an owner of a public community water system shall**
34 **implement an asset management plan designed to inspect, maintain,**
35 **repair, and renew its infrastructure consistent with standards**
36 **established by the American Water Works Association. The asset**
37 **management plan shall include:****

38 (1) a water main renewal program designed to achieve a **【150-**
39 **year**】** replacement cycle, **【or other appropriate replacement cycle as**
40 **determined by a detailed engineering analysis of the asset condition**
41 **and estimated service lives of the water mains serving the public**
42 **water system**】** the duration of which shall be determined by
43 **dividing the number of miles of water mains in the public**
44 **community water system by 100 or another calculation determined**
45 **to be appropriate by the department ;******

1 (2) a water supply and treatment program designed to inspect,
2 maintain, repair, renew, and upgrade wells, intakes, pumps, and
3 treatment facilities in accordance with all federal and State
4 regulations **[,] and** standards established by the American Water
5 Works Association **[,] and** any mitigation plan required pursuant to
6 section 5 of this act **]; [and]**

7 (3) a capital improvement plan identifying the annual cost of
8 implementing each element of the asset management plan, along
9 with the sources of funding for each element;

10 (4) a certification of the completeness of the asset management
11 plan signed by the licensed operator or professional engineer of the
12 public community water system and: the responsible corporate
13 officer of the public community water system, if privately held; the
14 executive director, if an authority; or the mayor or chief executive
15 officer of the municipality, if municipally owned, as applicable; and

16 (5) any other programs, plans, or provisions as may be required
17 by the department pursuant to rules and regulations adopted
18 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
19 (C.52:14B-1 et seq.).

20 Each **[,] water purveyor]** owner of a public community water
21 system shall dedicate adequate funds on an annual basis **[,] to address**
22 **and remediate]** towards implementing its asset management plan,
23 including addressing and remediating the highest priority projects
24 as determined by its asset management plan.

25 **[All asset management plans and system condition reports shall**
26 **be certified to by the licensed operator or professional engineer of**
27 **the public water system and the responsible corporate officer of the**
28 **public water system, if privately held, executive director, if an**
29 **authority, or mayor or chief executive officer of the municipality, if**
30 **municipally owned, as applicable. The replacement cycle shall be**
31 **determined by dividing the miles of water main located in the**
32 **public water system by 150 or other appropriate demonstration set**
33 **forth in the certified asset management plan prepared pursuant to**
34 **this section.]**

35 b. **[At least once every three years, each]** Each water purveyor
36 shall provide to the department and the board, if applicable, **[a]** an
37 annual report based on its asset management plan prepared pursuant
38 to subsection a. of this section identifying the infrastructure
39 improvements to be undertaken in the **[coming year]** subsequent
40 three years and the cost of those improvements, as well as
41 identifying the infrastructure improvements completed in the past
42 year and the cost of those improvements. If the water purveyor is a
43 municipality, a county, or an authority subject to the "Local
44 Authorities Fiscal Control Law" (C.40A:5A-1 et seq.), the report
45 shall also identify infrastructure improvements to be undertaken

1 pursuant to the asset management plan in the remaining years of the
 2 water purveyor's capital improvement plan, along with the actual or
 3 estimated cost of such improvements. A municipal water
 4 department or municipal water authority shall also submit the report
 5 required pursuant to this subsection to the Division of Local
 6 Government Services in the Department of Community Affairs.

7 c. The department, the board, and the Department of
 8 Community Affairs shall create a centralized portal allowing for
 9 electronic submittal of the report required pursuant to subsection b.
 10 of this section. The lack of a centralized portal pursuant to this
 11 subsection shall not negate the requirement for a water purveyor to
 12 submit a report pursuant to subsection b. of this section.

13 d. In consultation with the Director of the Division of Local
 14 Government Services in the Department of Community Affairs and
 15 the board, the Commissioner of Environmental Protection shall set a
 16 deadline for submission of the completed annual report; however,
 17 the deadline for submission shall be no later than December 31 for
 18 counties and municipalities with a calendar year budget cycle, June
 19 30 for municipalities with a State fiscal year budget cycle, or, for
 20 authorities subject to the "Local Authorities Fiscal Control Law,"
 21 P.L.1983, c.313 (C.40A:5A-1 et seq.), 15 days prior to the deadline
 22 established by the Division of Local Government Services for an
 23 authority to submit its introduced annual budget. Water purveyors
 24 that are municipalities, counties, or authorities subject to P.L.1983,
 25 c.313 (C.40A:5A-1 et seq.) shall submit the completed annual
 26 report to the Director of the Division of Local Government Services
 27 concurrent with the introduced annual budget for the budget year
 28 next following the date on which the report is required to be
 29 completed.

30 (cf: P.L.2017, c.133, s.7)]¹

31

32 ¹[22. (New section) Any person who violates the provisions of
 33 P.L.2017, c.133 (C.58:31-1 et seq.), or any rule or regulation
 34 adopted pursuant thereto, shall be subject to the penalties and other
 35 remedies set forth in section 10 of P.L.1977, c.224 (C.58:12A-10).
 36 No later than 18 months after the effective date of P.L. ,
 37 c. (C.) (pending before the Legislature as this bill), the
 38 department shall adopt, pursuant to the "Administrative Procedure
 39 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), a schedule of civil
 40 administrative penalties to be applied pursuant to this section for
 41 specific violations of P.L.2017, c.133 (C.58:31-1 et seq.).]¹

42

43 ¹[23. Section 5 of P.L.2017, c.133 (C.58:31-5) is repealed.]¹

44

45 ¹[24.] 17.¹ This act shall take effect immediately.