

SENATE, No. 1121

STATE OF NEW JERSEY
221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator JOHN F. MCKEON

District 27 (Essex and Passaic)

SYNOPSIS

Encourages sharing of services; makes appropriations.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



S1121 MCKEON

2

1 AN ACT promoting the more effective operation of local
2 government and the sharing of services among local units,
3 amending and supplementing P.L.2007, c.63, amending
4 P.L.2007, c.54, making appropriations, and repealing various
5 statutes.

6

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

9

10 1. Section 2 of P.L.2007, c.63 (C.40A:65-2) is amended to read
11 as follows:

12 2. The Legislature finds and declares:

13 a. Historically, many specialized statutes have been enacted to
14 permit shared services between local units for particular purposes.

15 b. (1) Other laws, permitting a variety of shared services,
16 including interlocal services agreements, joint meetings, and
17 consolidated and regional services**[,]** exist but have not been very
18 effective in promoting the broad use of shared services as a
19 technique to reduce local expenses funded by property taxpayers.

20 (2) The goal of encouraging and facilitating the provision of
21 local and regional services through a shared service agreement,
22 joint contract, or consolidation that results in a cost savings that
23 may be passed along to property taxpayers over time, is an
24 important goal of the State of New Jersey, and delays caused by
25 disputes over Civil Service rules and tenure provisions resulting
26 from a shared service, joint contract, or consolidation must be
27 resolved expeditiously to ensure that such provisions do not hinder
28 that goal.

29 c. It is appropriate for the Legislature to enact a new shared
30 services statute that can be used to effectuate agreements between
31 local units for any service or circumstance intended to reduce
32 property taxes through the reduction of local expenses.

33 d. It is contrary to public policy that the tenure rights of certain
34 local personnel should effectively prohibit shared services
35 agreements for the services provided by those local personnel,
36 thereby depriving property taxpayers of property tax relief.

37 e. In order to evaluate the efficiencies related to the sharing of
38 services of certain local personnel having tenure rights in office, it
39 is appropriate to create a pilot program in seven counties of the
40 State which embody urban, suburban, and rural characteristics to
41 study the sharing of the services of these personnel between
42 municipalities by allowing for the dismissal of such a tenured local
43 official, as necessary, in order to promote and effectuate the sharing
44 of a service.

45 (cf: P.L.2018, c.140, s.2)

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.

1 2. Section 11 of P.L.2007, c.63 (C.40A:65-11), is amended to
2 read as follows:
3 11. a. When a local unit contracts, through a shared service
4 agreement, joint [meeting] contract, or regional service agency to
5 have another local unit, joint meeting, or regional service agency
6 provide a service it is currently providing using public employees
7 and one or more of the local units have adopted Title 11A, Civil
8 Service, then the agreement shall include an employment
9 reconciliation plan in accordance with this section that shall
10 specifically set forth the intended jurisdiction of the Civil Service
11 Commission. Unless otherwise agreed to by the parties, the local
12 unit that will be providing the service will be responsible for filing
13 the employment reconciliation plan with the Civil Service
14 Commission. An employment reconciliation plan shall be subject
15 to the following provisions:
16 (1) **[**a determination of those employees, if any, that shall be
17 transferred to the providing local unit, retained by the recipient
18 local unit, or terminated from employment for reasons of economy
19 or efficiency, subject to the provisions of any existing collective
20 bargaining agreements within the local units.
21 (2) any employee terminated for reasons of economy or
22 efficiency by the local unit providing the service under the shared
23 service agreement shall be given a terminal leave payment of not
24 less than a period of one month for each five-year period of past
25 service as an employee with the local unit, or other enhanced
26 benefits that may be provided or negotiated. For the purposes of
27 this paragraph, "terminal leave payment" means a single, lump sum
28 payment, paid at termination, calculated using the regular base
29 salary at the time of termination. Unless otherwise negotiated or
30 provided by the employer, a terminal leave benefit shall not include
31 extended payment, or payment for retroactive salary increases,
32 bonuses, overtime, longevity, sick leave, accrued vacation or other
33 time benefit, or any other benefit.
34 (3) the Civil Service Commission shall place any employee that
35 has permanent status pursuant to Title 11A, Civil Service, of the
36 New Jersey Statutes that is terminated for reasons of economy or
37 efficiency at any time by either local unit on a special
38 reemployment list for any civil service employer within the county
39 of the agreement or any political subdivision therein.
40 (4)**]** when a proposed shared service agreement or joint contract
41 affects employees in local units subject to Title 11A, Civil Service,
42 of the New Jersey Statutes, **[**an employment reconciliation plan
43 shall be filed with the Civil Service Commission prior to the
44 approval of the shared service agreement. The commission shall
45 review it for consistency with this section within 45 days of receipt
46 and it shall be deemed approved, subject to approval of the shared
47 service agreement by the end of that time, unless the commission
48 has responded with a denial or conditions that must be met in order

1 for it to be approved] the parties to the proposed shared service
2 agreement or joint contract, as appropriate, may request relaxation
3 of the provisions of Title 11A, Civil Service, of the New Jersey
4 Statutes, along with the corresponding rules and regulations,
5 including but not limited to selection and appointment, to permit
6 employees of the local units who are not subject to Title 11A, Civil
7 Service, of the New Jersey Statutes prior to the execution of a
8 shared service agreement or joint contract to become civil service
9 employees for the purpose of creating a uniform employee pool
10 from which the new shared service or joint contract provider may
11 choose to hire employees; and to permit the expedited designation
12 of a person as a civil service employee without regard to the normal
13 processes, including testing and employment lists.

14 **[(5)]** (2) when an action is required of the Civil Service
15 Commission by this section, parties to a [planned] proposed shared
16 service agreement or joint contract may consult with that
17 commission in advance of the action and the commission shall
18 provide such technical support as may be necessary to assist in the
19 preparation of an employment reconciliation plan or any other
20 action required of the commission by this section.

21 (3) a determination of those employees, if any, that shall be
22 transferred to the providing local unit or joint meeting, retained by
23 the recipient local unit, or terminated from employment for reasons
24 of economy or efficiency. These employment decisions made by
25 the local units on whose behalf the plan is submitted shall be
26 subject to the provisions of any existing collective bargaining
27 agreements within the affected local units. In the event of any
28 conflict in the operation of collective bargaining agreements of the
29 affected local units as it pertains to such employment decisions, the
30 dispute shall be settled by the parties using mediation or, if that is
31 unsuccessful, by binding arbitration.

32 (4) the Civil Service Commission shall place any employee who
33 has permanent status pursuant to Title 11A, Civil Service, of the
34 New Jersey Statutes that is terminated for reasons of economy or
35 efficiency at any time by either local unit on a special
36 reemployment list for any civil service employer within the county
37 of the shared service agreement or joint contract or any political
38 subdivision therein, except that an employee who has turned down a
39 reemployment opportunity in a position that is one with the same or
40 substantially similar job duties as, the same title and series as, the
41 same or substantially similar hours of work as, and a location within
42 a 25 mile radius of, the position from which the employee was
43 terminated, shall be removed from the special reemployment list.

44 (5) when an employee of a jurisdiction that has not adopted
45 Title 11A, Civil Service, of the New Jersey Statutes, is transferred
46 and given a Civil Service job title pursuant to a shared service
47 agreement or joint contract, then upon termination of the agreement

1 or contract that employee shall remain subject to the provisions of
2 Title 11A, Civil Service, of the New Jersey Statutes.

3 b. **【If all the local units that are parties to the agreement are**
4 **subject to the provisions of Title 11A, Civil Service, of the New**
5 **Jersey Statutes, the Civil Service Commission shall create an**
6 **implementation plan for the agreement that will: (1) transfer**
7 **employees with current status in current title unless reclassified, or**
8 **(2) reclassify employees into job titles that best reflect the work to**
9 **be performed. The Civil Service Commission shall review whether**
10 **any existing hiring or promotional lists should be merged,**
11 **inactivated, or re-announced. Non-transferred employees shall be**
12 **removed or suspended only for good cause and after the opportunity**
13 **for a hearing before the Civil Service Commission; provided,**
14 **however, that they may be laid-off in accordance with the**
15 **provisions of N.J.S.11A:8-1 et seq., and the regulations**
16 **promulgated thereunder.】 The 【final decision of which employees**
17 **shall transfer to the new employer is vested solely with the】 local**
18 **unit that will provide the service 【and】 shall have the final decision**
19 **over which employees shall transfer from a recipient local unit to**
20 **the providing local unit, subject to the provisions of any existing**
21 **collective bargaining agreements within the affected local units.**

22 c. (1) If the local unit that will provide the service pursuant to
23 a shared service agreement is subject to Title 11A, Civil Service, of
24 the New Jersey Statutes, but the local unit to receive the service is
25 not subject to that Title, and the contracting local units desire that
26 some or all employees of the recipient local unit are to be
27 transferred to the providing local unit, the Civil Service
28 Commission shall vest **【only】** those employees **【who have been**
29 **employed for one year or more in permanent status pursuant to**
30 **N.J.S.11A:9-9】** in appropriate titles, seniority, and Civil Service
31 tenure with the providing local unit based on the duties of the
32 position, information provided by the recipient unit, and the
33 recommendation of the local unit providing the service. The final
34 decision of which employees shall transfer to the new employer is
35 vested solely with the local unit that will provide the service **【and**
36 **subject to the provisions of any existing collective bargaining**
37 **agreements within the local units】**, subject to the provisions of any
38 existing collective bargaining agreements within the local unit.

39 **【d. If the local unit that will provide the service is not subject to**
40 **the provisions of Title 11A, Civil Service, of the New Jersey**
41 **Statutes, but the local unit that will receive the service is subject to**
42 **that Title and the parties desire that some or all employees of the**
43 **recipient local unit are to be transferred to the providing local unit,**
44 **the transferred employees shall be granted tenure in office and shall**
45 **only be removed or suspended for good cause and after a hearing;**
46 **provided, however, that they may be laid-off in accordance with the**
47 **provisions of N.J.S.11A:8-1 et seq., and the regulations**
48 **promulgated thereunder.】**

1 (2) The transferred employees shall be subject to layoff
2 procedures prior to the transfer to the new [entity] employer. The
3 current employer of an employee who is being laid off for reasons
4 of economy due to the implementation of a joint contract or shared
5 service agreement, in consultation with the new employer, shall
6 provide the employee with notice of the layoff at least 45 days prior
7 to the layoff date, unless a collective bargaining agreement,
8 employment contract, or personnel policy sets forth a different
9 notice requirement. An employee who has permanent status
10 pursuant to Title 11A, Civil Service, of the New Jersey Statutes
11 shall have a right to appeal the good faith of such layoff by the
12 current employer to the Civil Service Commission, which may
13 consolidate all such appeals. All appeals must be filed within 20
14 days of final notice of such layoff.

15 (3) Once transferred, [they will] an employee shall be subject
16 to any collective bargaining agreements, employment contracts,
17 personnel policies, and provisions that exist for the new [entity]
18 employer. The final decision of which employees shall transfer to
19 the new employer is vested solely with the local unit that will
20 provide the service [and subject to the provisions of any existing
21 collective bargaining agreements within the local units], subject to
22 the provisions of any existing collective bargaining agreements
23 within the affected local units. In the event of any conflict in the
24 operation of collective bargaining agreements of the affected local
25 units as it pertains to such employment decisions, the dispute shall
26 be settled by the parties using mediation or, if that is unsuccessful,
27 by binding arbitration.

28 (cf: P.L.2019, c.433, s.5)

29

30 3. Section 18 of P.L.2007, c.63 (C.40A:65-18) is amended to
31 read as follows:

32 18. a. When a joint meeting or regional service agency merges
33 bargaining units that have current contracts negotiated in
34 accordance with the provisions of the "New Jersey Employer-
35 Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.),
36 **[the]** terms and conditions of the existing contracts shall apply to
37 the rights of the members of the respective bargaining units until a
38 new contract is negotiated, reduced to writing, and signed by the
39 parties as provided pursuant to law and regulation promulgated
40 thereunder.

41 b. The Public Employment Relations Commission is
42 specifically authorized to provide technical advice, pursuant to
43 section 12 of P.L.1968, c.303 (C.34:13A-8.3), and mediation
44 services to integrate separate labor agreements into single
45 agreements for the joint contract. The commission may order
46 binding arbitration, pursuant to P.L.1995, c.425 (C.34:13A-14a et
47 al.), to integrate any labor agreement.

1 c. When local units enter into a joint meeting that results in the
2 merger of bargaining units, if a dispute arises over the
3 representation of employees in the merged unit, the Public
4 Employment Relations Commission is authorized to provide
5 technical advice pursuant to section 12 of
6 P.L.1968, c.303 (C.34:13A-8.3), and mediation services to resolve
7 representation disputes. If disputes over representation cannot be
8 resolved through advice and mediation, the Public Employment
9 Relations Commission shall determine the appropriate units for
10 purposes of collective negotiations and shall conduct secret ballot
11 elections in such units to permit employees to select their majority
12 representative pursuant to the commission's rules and regulations.
13 Agreements between majority representatives regarding the
14 representation of employees in a merged unit shall be binding on
15 the new employer.

16 (cf: P.L.2019, c.433, s.9)

17

18 4. Section 22 of P.L.2007, c.63 (C.40A:65-22) is amended to
19 read as follows:

20 22. a. The management committee shall comply with the
21 requirements of sections 10 and 11 of P.L.1983, c.313 (C.40A:5A-
22 10 and C.40A:5A-11) regarding the submission and approval of an
23 annual budget to the Director of the Division of Local Government
24 Services in the Department of Community Affairs, or to the
25 Commissioner of Education, as appropriate.

26 b. The management committee, not later than November 1 of
27 each year, shall certify to the participating local units the total costs
28 and expenses of operation, other than acquisition and construction
29 costs, of the services, public improvements, works, facilities, or
30 undertakings for the ensuing year, in accordance with the terms and
31 provisions of the joint contract, together with an apportionment of
32 the costs and expenses of operation among the participating local
33 units in accordance with the method of apportionment provided in
34 the joint contract. It shall be the duty of each participating local
35 unit to include its apportioned share of such costs and expenses of
36 operation in its annual budget, and to pay over to the management
37 committee its apportioned share as provided in the joint contract.
38 Operations under the budget and related matters shall be subject to
39 and in accordance with rules of the Local Finance Board or the
40 Commissioner of Education, as appropriate. The Local Finance
41 Board shall be responsible for the determination of the appropriate
42 rule-making authority with regard to each joint contract. For the
43 first year of operation under the joint contract, a participating local
44 unit may adopt a supplemental or emergency appropriation for the
45 purpose of paying its apportioned share of the costs and expenses of
46 operation, if provision therefor has not been made in the annual
47 budget.

48 (cf: P.L.2007, c.63, s.22)

1 5. (New section) At any time prior to the execution of a shared
2 service agreement or joint contract, if one or more of the local units
3 that are the potential parties to the agreement or contract have
4 adopted Title 11A, Civil Service, the potential parties may submit
5 to the Civil Service Commission an application to employ a
6 stratified layoff process. The application shall assign current
7 employees of the local units to one of three employee bands:
8 executive, managerial, or non-managerial.

9 At the time that the potential parties to a shared service
10 agreement or joint contract submit an application to employ a
11 stratified layoff process to the Civil Service Commission, the
12 parties shall transmit a copy of the application to applicable
13 collective bargaining representatives. Within 15 days after receipt
14 of a copy of an application to employ a stratified layoff process,
15 collective bargaining representatives may submit additional
16 information to the commission for its consideration.

17 The Civil Service Commission shall review assignments and
18 classifications set forth on the application, and any additional
19 information submitted by collective bargaining representatives, and
20 approve an application to employ a stratified layoff process if the
21 application assigns each employee to the proper band.

22 The Civil Service Commission shall assign the job titles in the
23 local units to the following employee bands:

24 executive band: job titles in local government with managerial
25 responsibilities equivalent to a Division Director or higher in the
26 State Career Service;

27 managerial band: job titles in local government with managerial
28 responsibilities equivalent to an Assistant Director or Bureau Chief
29 in the State Career Service and that supervise second level
30 supervisors;

31 non-managerial: job titles in local government that are not in the
32 executive or managerial bands.

33 For the purposes of this section, “stratified layoff process” means
34 a layoff plan and procedure designed to allow employees within a
35 given employee band to invoke seniority in the event of layoffs but
36 to prohibit employees assigned to one band from invoking seniority
37 rights over an employee assigned to another band. This stratified
38 layoff process is intended to be used only in the implementation of
39 a shared service agreement or joint contract. Within an employee
40 band, employees shall retain and be entitled to exercise all seniority
41 and layoff rights that they have under Civil Service law and
42 regulations and under any applicable collective bargaining
43 agreements.

44
45 6. Section 5 of P.L.2007, c.54 (C.52:27D-505) is amended to
46 read as follows:

47 5. a. (1) The commission shall study and report on the
48 structure and functions of county and municipal government,
49 including local taxing districts, their statutory bases, including the

1 fiscal relationship between local governments, and the appropriate
2 allocation of service delivery responsibilities from the standpoint of
3 efficiency. The study of the transfer of the municipal tax
4 assessment function to the county through the appointment of a
5 county assessor and deputy county assessors in a pilot county
6 pursuant to the "Property Assessment Reform Act," sections 1
7 through 15 of P.L.2009, c.118 (C.54:1-86 et seq.), shall be
8 conducted in consultation with the Director of the Division of
9 Taxation in the Department of the Treasury.

10 (2) The commission shall recommend legislative changes which
11 would encourage the more efficient operation of local government.
12 These changes may include the structural and administrative
13 streamlining of county and municipal government functions,
14 including but not limited to, the transfer of functions from one level
15 of government to another, and the use or establishment of regional
16 service delivery entities.

17 (3) The commission shall also consider optimal service levels,
18 ratios of employees to population served, cost structures for service
19 delivery, and other best practices.

20 Within two years following the effective date of
21 P.L.2007, c.54 (C.52:27D-501 et al.), the commission shall report
22 its findings to the Governor, the President of the Senate, and the
23 Speaker of the General Assembly; provided, however, that findings
24 concerning the transfer of the municipal tax assessment function to
25 the county through the appointment of a county assessor and deputy
26 county assessors shall be reported on or before February 1 of the
27 sixth year next following the effective date of P.L.2009, c.118
28 (C.54:1-86 et al.).

29 b. Based on its findings pursuant to paragraph (3) of subsection
30 a. of this section, the commission shall develop criteria to serve as
31 the basis; for recommending the consolidation of specific
32 municipalities **[,] and** the merger of specific existing autonomous
33 agencies into the parent municipal or county government, **[or] and**
34 for recommending the sharing of services between municipalities or
35 between municipalities and other public entities, including but not
36 limited to counties, fire districts, school districts, and regional
37 school districts. **[Recommendations for sharing services may result**
38 **from a study focusing exclusively on the sharing of services or may**
39 **result from a study examining potential consolidation.**
40 **Municipalities to be considered for consolidation shall be within the**
41 **same county and shall also be situated within the same legislative**
42 **district.]**

43 The criteria to govern a study to examine consolidation or the
44 sharing of services shall include, but need not be limited to:

45 (1) a consideration of geographic factors, such as a shared
46 boundary, or in the case of the recommended consolidation of more
47 than two local units, that the consolidated local unit will have a
48 contiguous boundary;

1 (2) an analysis of the economic costs and benefits of
2 consolidation or the sharing of services, as the case may be,
3 including potential tax savings and reductions in government costs
4 through economies of scale;

5 (3) measures to ensure that costs and benefits of consolidation
6 or service sharing are distributed equitably across the entire
7 community; and

8 (4) measures to safeguard the interests of communities in the
9 municipalities for which consolidation or sharing of services is
10 recommended, including the impact of a recommended
11 consolidation or sharing of services on the ability of the public
12 entity to comply with applicable State and federal laws and
13 regulations and on the overall quality and efficient delivery of those
14 services.

15 The commission shall **【give priority to】** first focus its studies on
16 local units that 【volunteer to be studied】 neither participate in a
17 shared service agreement nor have undertaken independent shared
18 services studies or negotiations before it studies any local units that
19 participate in a shared service agreement.

20 When the commission's study is one that could potentially serve
21 as the basis for a recommendation that, if not acted upon, could
22 result in a reduction of State aid pursuant to subsection f. of section
23 8 of P.L.2007, c.54 (C.52:27D-508), then the recommended model,
24 (1) must be projected to be capable of maintaining the same level of
25 service or improving the services provided by the participating
26 municipalities; and (2) must project either a meaningful savings or a
27 slowed rate of growth of costs to result over a reasonable period of
28 time.

29 The commission shall not engage in a study involving a
30 municipality that could potentially serve as the basis for a
31 recommendation that, if not acted upon, could result in a reduction
32 of State aid pursuant to subsection f. of section 8 of P.L.2007,
33 c.54 (C.52:27D-508) if that municipality demonstrates that it is
34 already sharing services with another local unit, unless the
35 commission affirmatively demonstrates that it has already studied
36 all municipalities in the State that are not engaged in sharing
37 services with other local units.

38 c. (1) (a) Based upon criteria developed pursuant to
39 subsection b. of this section and in consultation with the local units
40 that are being studied, the commission shall undertake studies to
41 examine the sharing of services between specific municipalities or
42 between municipalities and other public entities. The commission
43 also may undertake studies to examine the consolidation potential
44 for specific municipalities, but such studies or recommendations
45 shall not be subject to potential reductions in State aid pursuant to
46 subsection f. of section 8 of P.L.2007, c.54 (C.52:27D-508).

47 (b) In undertaking its studies the commission shall conduct at
48 least five on-site consultation sessions in each local unit being

1 studied, with the governing bodies, or their designees, and affected
2 officials and other public entities under consideration for
3 consolidation or the sharing of services. If the consultation sessions
4 are subject to the "Senator Byron M. Baer Open Public Meetings
5 Act," P.L.1975, c.231 (C.10:4-6 et seq.), the commission shall
6 reimburse the local units for any expenses incurred.

7 (c) Each consolidation proposal or shared services proposal
8 shall:

9 (i) detail the current delivery service being considered for the
10 shared service proposal, including personnel, equipment, and cost;
11 and

12 (ii) detail the cost, including personnel and equipment for the
13 proposed shared services; and

14 (iii) include an estimate of the total net savings that will result
15 from implementation of the proposed consolidation or sharing of
16 services; and

17 (iv) provide options for the delivery of the shared services and
18 an explanation of why those options are not optimum; and

19 (v) include a transcription of the public hearings held pursuant
20 to paragraph (3) of this subsection; and

21 (vi) include any other pertinent information.

22 (d) The commission shall provide written notice of a
23 recommendation, including any economic analysis, made pursuant
24 to this subsection to the governing body of each local unit that is the
25 subject of the recommendation, together with documentation
26 supporting the commission's recommendation.

27 (e) A local unit may request the commission to undertake a
28 study to examine the local unit's potential for consolidation or the
29 sharing of services. A county may request the commission to
30 undertake a study to examine the county's potential for providing
31 specific shared services to constituent municipalities, however, no
32 county shall be included in a study that could potentially serve as
33 the basis for a recommendation that, if not acted upon, could result
34 in a reduction of State aid to a municipality pursuant to subsection
35 f. of section 8 of P.L.2007, c.54 (C.52:27D-508) unless the request
36 to undertake the study is agreed to by the governing bodies of the
37 affected municipalities through the adoption of resolutions stating
38 support.

39 (f) The results of any economic analysis performed by or on
40 behalf of the commission shall be submitted to the State Treasurer
41 for a review of the accuracy of the analysis prior to releasing a
42 recommendation pursuant to this subparagraph. At the same time,
43 the results of the economic analysis shall be submitted to the
44 affected municipalities and other public entities. No
45 recommendation for a shared service that is submitted to the State
46 Treasurer by the commission shall be made unless the commission
47 finds that the current level of service will be maintained or
48 improved for each affected municipality and that each affected
49 municipality will realize a cost savings. The State Treasurer shall,

1 within 90 days of receipt, weigh any contrary information or
2 evidence submitted by affected municipalities and other public
3 entities and then either certify the recommendation, or prepare a
4 memo of objections for the commission. The local unit shall,
5 within 30 days from the date that the commission submits the
6 economic analysis, either certify the recommendation or provide,
7 either electronically, by e-mail, by letter, or by personal delivery, a
8 written objection along with supporting documentation to the State
9 Treasurer. The commission shall work with the State Treasurer in
10 satisfying the objections prior to resubmitting a recommendation for
11 review and certification. In accordance with the results of its
12 studies, the commission may recommend the consolidation of
13 specific municipalities, or the sharing of services between specific
14 municipalities or between municipalities and other public entities.

15 (g) (i) The commission shall provide written notice to the
16 governing body of each municipality that is the subject of a
17 recommendation, together with supporting documentation and the
18 State Treasurer's certification of, or objections to, the economic
19 analysis. A notice recommending the sharing of services shall state
20 that the governing bodies have 14 months from the date of the
21 notice to approve a certified recommendation for a shared service,
22 or that they need not take any action with respect to a
23 recommendation for a shared service that was not certified by the
24 State Treasurer.

25 (ii) A municipality may contest the total net savings estimate
26 contained in the commission's proposal by appeal to the
27 Commissioner of Community Affairs within 30 days of receipt of
28 the recommendation. The commissioner shall have 15 business
29 days to review the analysis and the challenge in order to determine
30 whether the analysis should be adjusted. The commissioner may
31 extend the review time for the appeal if the commissioner deems a
32 hearing is necessary.

33 (2) When a municipal consolidation is recommended by the
34 commission, the commission shall substitute for a joint municipal
35 consolidation study commission that would be formed pursuant to
36 section 7 of the "Municipal Consolidation Act,"
37 P.L.1977, c.435 (C.40:43-66.41) or any other statute governing
38 municipal consolidation, and no voter approval shall be required to
39 create the study commission. The commission shall be present at
40 one or more of the public hearings required pursuant to subsection
41 d. of section 25 of P.L.2007, c.63 (C.40A:65-25).

42 (3) When a sharing of services is recommended by the
43 commission, the commission shall hold at least two public hearings
44 in each municipality, in places that are easily accessible to the
45 residents. A public hearing required by this paragraph shall be
46 advertised in the official newspaper of the local unit at least seven
47 days prior to the public hearing, posted in each local unit's official
48 buildings and on each local unit's official Internet website, if one
49 exists, and shall also be posted by the commission on its Internet

1 website. The commission shall reimburse the local units for any
2 expenses incurred in holding the public hearings required under this
3 paragraph.

4 d. When a consolidation or shared service is recommended by
5 the commission, the commission shall recommend State funding for
6 any extraordinary expenses necessitated by the consolidation plan
7 or shared service agreement. The commission shall recommend
8 that this funding be provided either by funds made available to the
9 commission for that purpose or by the Legislature or State
10 Treasurer as part of the annual State budget process.

11 (cf: P.L.2009, c.118, s.16)

12

13 7. Section 6 of P.L.2007, c.54 (C.52:27D-506) is amended to
14 read as follows:

15 6. a. (1) The "Local Unit Alignment, Reorganization, and
16 Consolidation Commission" shall work in conjunction with the
17 Local Finance Board and the Division of Local Government
18 Services in the Department of Community Affairs. ~~【To the extent~~
19 ~~possible, the】~~ The commission may request specific resources from
20 the department. The department shall provide the commission with
21 all resources requested by the commission that the department
22 determines are reasonable and necessary for the commission to
23 operate and satisfy its statutory duties including, but not limited to,
24 the provision of offices, equipment, materials, and administrative,
25 technical, and legal personnel. The department shall have the
26 burden of showing that a request for resources is unreasonable.

27 (2) The commission may also request, and shall be entitled to,
28 the assistance and services of the employees of any State
29 department, board, bureau, commission, or agency, as it may
30 require and as may be available to it for its purposes.

31 b. The commission may request, and shall be entitled to, the
32 cooperation of the officials and employees of every county and
33 municipality, as it may require.

34 c. The commission may incur traveling and other
35 miscellaneous expenses necessary to perform its duties, within the
36 limits of funds available to it for its purposes.

37 d. The commission may contract for the services of
38 professional, technical, and operational personnel and consultants
39 as it may determine are necessary to perform its duties, within the
40 limits of funds available to it for its purposes.

41 (cf: P.L.2007, c.54, s.6)

42

43 8. Section 7 of P.L.2007, c.54 (C.52:27D-507) is amended to
44 read as follows:

45 7. a. The "Local Unit Alignment, Reorganization, and
46 Consolidation Commission" shall annually, by January 31st, submit
47 to the Governor and the Legislature a report summarizing the

1 commission's activities over the course of the previous calendar
2 year.

3 b. In the event that the commission proposes consolidation of
4 local units **【or a shared services agreement】**, the commission shall
5 submit a copy of the consolidation 【or shared services】 proposal to
6 the Governor and the Legislature **【no later than May 1st of the year**
7 **in which the proposed consolidation is to be put before the voters**
8 **pursuant to subsection a. of section 8 of P.L.2007, c.54 (C.52:27D-**
9 **508). A municipal consolidation proposal shall include, but not be**
10 **limited to, a description of the form of government, the election of**
11 **officers, the apportionment of debts, and other issues between pairs**
12 **or groups of municipalities which the commission proposes should**
13 **consolidate or share services】** together with its annual report.

14 c. **【A consolidation or shared services proposal shall take**
15 **effect at the end of a period of 30 calendar days after the date on**
16 **which the proposal is transmitted to the Senate and General**
17 **Assembly, on a day on which both thereof shall be meeting in the**
18 **course of a regular or special session, unless, between the date of**
19 **transmittal and the end of the 30-day period, the Legislature passes**
20 **a concurrent resolution stating in substance that the Legislature**
21 **does not favor the consolidation proposal.】** (Deleted by
22 amendment, P.L. , c. .) (pending before the Legislature as this
23 bill)
24 (cf: P.L.2007, c.54, s.7)
25

26 9. Section 8 of P.L.2007, c.54 (C.52:27D-508) is amended to
27 read as follows:

28 8. a. **【Upon】** If a local unit receives a recommendation for
29 the sharing of services from the commission together with the
30 **【taking effect of a consolidation or shared services proposal】** State
31 Treasurer's certification of the recommendation, pursuant to
32 **【subsection b. of】** section **【7】** 5 of P.L.2007, c.54 **【(C.52:27D-**
33 **507)】** (C.52:27D-505), 【each recommendation included therein
34 shall be put before the affected voters at the next general election
35 and shall become effective only upon its】 the local unit shall
36 approve the recommendation within 14 months of the date of the
37 notice or be subject to a reduction of State aid in accordance with
38 subsection f. of this section. A local unit may approve a
39 recommendation for the sharing of services by adoption of a
40 resolution or ordinance or by adoption by a majority of the voters of
41 **【each affected municipality】** the local unit.

42 Nothing in this subsection shall prohibit the governing body of a
43 local unit from approving a recommendation for the sharing of
44 services by adoption of a resolution or ordinance and placing that
45 proposal before the affected voters at the next general election.

46 b. **【In order to effectuate the provisions of subsection a. of this**
47 **section, the Secretary of State】** If the governing body of a local unit

1 chooses to place the question of approval of a recommendation for
2 the sharing of services before the voters, the clerk or other
3 appropriate administrative officer of the local unit shall forward to
4 the clerk of [each] the county in which the [affected] local [units
5 are] unit is located a public question to be included on the ballots at
6 the next general election for the election districts encompassing
7 those affected local units.

8 **[(1)** The question with respect to consolidation shall read as
9 follows:

10 "Shall (insert the names of the participating local units) be
11 consolidated into a single local unit to be known as (insert the name
12 proposed for the consolidated local unit)?"

13 **(2)]** The question with respect to a shared services proposal
14 shall read as follows:

15 "Shall (insert the services to be shared) be jointly undertaken
16 between (insert the names of the entities between which sharing is
17 to occur)? The State's Local Unit Alignment, Reorganization, and
18 Consolidation Commission proposes this "sharing of services" and
19 estimates that it can save \$ (insert estimate of savings included in
20 the proposal pursuant to subsection c. of section 5 of
21 P.L.2007, c.54 (C.52:27D-505)). This proposed sharing of service
22 will (insert "reduce," "increase," "not change," or "slow the rate of
23 growth of") the level of service currently provided by (insert the
24 name of the entity) according to the State's recommendation. This
25 estimated savings will result, on average, of a savings of \$ (insert
26 savings per property taxpayer based on averaged assessed property)
27 per property tax bill of the averaged assessed property of \$ (insert
28 the averaged assessed property). The (insert name of entity) (insert
29 "supports" or "opposes") this proposed shared service for the
30 following reason(s) (insert the one or more reasons). If a majority
31 of the voters vote "No", the State shall reduce "State Aid" to your
32 municipality by that amount each year." The reduction of State aid
33 may result in an increase in the property tax levy.

34 c. **[**The consolidation of pairs or groups of local units
35 recommended for consolidation under subsection a. of this section
36 shall be accomplished within 14**]** Local units that are the subject of
37 a recommendation for the sharing of services shall implement the
38 recommendation within 28 months following the [voter approval]
39 date of the [consolidation recommendation] notice of the
40 commission recommendation.

41 d. (1) No question with respect to a consolidation
42 recommended or proposed by the commission shall be submitted to
43 the voters of a local unit.

44 (2) The adoption of a form of government, the election of
45 officers, the apportionment of debts, and other issues between pairs
46 or groups of municipalities [required] that choose to consolidate
47 pursuant to [an approved] a consolidation [recommendation]

1 proposal **【under subsection c. of this section】** shall be determined
2 by the commission, as far as practicable, in accordance with the
3 procedures set forth in the "Municipal Consolidation Act,"
4 P.L.1977, c.435 (C.40:43-66.35 et al.) or any other statute
5 governing municipal consolidation.

6 e. For a period of 10 years **【from the】** following
7 implementation of an approved consolidation **【of a pair or group of**
8 **municipalities pursuant to a consolidation recommendation**
9 **approved under subsection c. of this section】** proposal, and
10 notwithstanding any law to the contrary, the residents of **【those**
11 **municipalities】** the consolidated municipality, or portions thereof,
12 shall not have the right to secede to form a new municipality, or to
13 consolidate with, or annex themselves to, any other municipality.

14 f. (1) If a municipality does not approve a recommendation
15 for the sharing of services within 14 months of the date of notice of
16 the commission's recommendation, or if that municipality does not
17 make a good faith attempt to enter into and implement the
18 recommended joint contract or shared service agreement within 28
19 months following the date of notice of the commission's
20 recommendation, then the State shall annually reduce the total
21 amount of State aid allocated to that municipality under the
22 Consolidated Municipal Property Tax Relief Aid (CMPTRA)
23 program, by the total net savings estimated in the proposal pursuant
24 to subsection c. of section 5 of P.L.2007, c.54 (C.52:27D-505).

25 (2) No municipality shall be subject to a reduction in its
26 CMPTRA allocation for its refusal to comply with a consolidation
27 recommendation or proposal by the commission.

28 (3) No municipality shall be subject to a reduction in its
29 CMPTRA allocation if it approved a recommendation for the
30 sharing of services and the failure to implement the
31 recommendation was due to the action or inaction of the governing
32 body or voters of another local unit.

33 (cf: P.L.2007, c.54, s.8)

34
35 10. (New section) There is appropriated from the General Fund
36 to the Department of Community Affairs such sums as may be
37 necessary for the operating expenses of the Local Unit Alignment,
38 Reorganization, and Consolidation Commission, subject to the
39 approval of the Director of the Division of Budget and Accounting
40 in the Department of the Treasury.

41
42 11. (New section) There is appropriated from the Property Tax
43 Relief Fund to the Department of Community Affairs such sums for
44 non-recurring costs that the Local Unit Alignment, Reorganization,
45 and Consolidation Commission determines are necessary to fund
46 extraordinary expenses of local units to implement consolidation
47 plans and shared service agreements, subject to the approval of the

1 Director of the Division of Budget and Accounting in the
2 Department of the Treasury.

3

4 12. (New section) The following sections are repealed:
5 Section 8 of P.L.2007, c.63 (C.40A:65-8);
6 Section 17 of P.L.2007, c.63 (C.40A:65-17);
7 Section 19 of P.L.2007, c.63 (C.40A:65-19);
8 Sections 16 through 18 of P.L.1975, c.329 (C.26:3A2-16 through
9 26:3A2-18).

10

11 13. This act shall take effect immediately.

12

13

14

STATEMENT

15

16 This bill modifies the "Uniform Shared Services and
17 Consolidation Act," sections 1 through 35 of
18 P.L.2007, c.63 (C.40A:65-1 through C.40A:65-35), and the law
19 governing the Local Unit Alignment, Reorganization and
20 Consolidation Commission, P.L.2007, c.54 (C.52:27D-501 et seq.)
21 to encourage and facilitate the provision of local and regional
22 services through shared service agreements and joint meeting
23 contracts.

24

25 The bill amends and supplements the "Uniform Shared Services
26 and Consolidation Act" to expedite the resolution of disputes over
27 Civil Service rules and tenure provisions, which are reportedly
28 responsible for delaying the implementation of shared service
29 agreements and joint contracts. The bill also makes a number of
30 changes that affect employees of local units that enter into either a
31 shared service agreement or a joint meeting.

32

33 Most notably, local units would no longer be required to provide
34 employees terminated for reasons of economy and efficiency with a
35 terminal leave payment; the Civil Service Commission would no
36 longer be required to review employment reconciliation plans; and
37 certain provisions of Title 11A, Civil Service, of the New Jersey
38 Statutes, could be relaxed by the Civil Service Commission upon
39 request by the parties to the agreement. The local unit providing
40 the service would have to decide which employees would transfer
41 from a recipient local unit, subject to the provisions of any existing
42 collective bargaining agreements within the affected local units. To
43 that end, the bill would repeal certain provisions of the "Uniform
44 Shared Services and Consolidation Act" that preserve the tenure
45 rights of police officers.

46

47 Under current law, the Local Unit Alignment, Reorganization
48 and Consolidation Commission (LUARCC) examines the
49 consolidation of municipalities, the merger of autonomous agencies
into their parent municipal or county government, and the sharing
of services between municipalities or between municipalities and
other public entities.

1 This bill clarifies LUARCC's powers to recommend the
2 consolidation or merger of specific municipalities and autonomous
3 agencies and the sharing of services between municipalities or
4 between municipalities and other public entities. When considering
5 a possible recommendation for consolidation or the sharing of
6 services, the bill requires LUARCC to conduct at least five on-site
7 consultation sessions in each local unit being studied, with the
8 governing bodies, or their designees, and affected officials and
9 other public entities under consideration for consolidation or the
10 sharing of services. LUARCC would be required to include in every
11 consolidation and shared services proposal an estimate of the
12 savings that would result from the implementation of its
13 recommendations. Once LUARCC recommends a sharing of
14 services, it must hold a series of public hearings in each affected
15 municipality. The State Treasurer would be required to certify
16 LUARCC's basis for its fiscal analysis before LUARCC could
17 submit a recommendation to a municipality. The municipality
18 would then have the right to appeal LUARCC's estimate of savings
19 resulting from a recommendation to the Commissioner of
20 Community Affairs.

21 The bill provides that a LUARCC consolidation recommendation
22 would not be binding on a municipality and there would be no
23 penalty for failing to implement the consolidation. However, the
24 bill requires a municipality to approve a LUARCC recommendation
25 for the sharing of services within 14 months of the
26 recommendation, and implement the proposal within 28 months. A
27 municipality could approve the recommendation by adoption of a
28 resolution or ordinance or by adoption by the voters of the local
29 unit. The bill allows a municipality to adopt a resolution or
30 ordinance approving the recommendation subject to voter approval.

31 If a municipality does not approve a LUARCC recommendation
32 for the sharing of services, or does not make a good faith attempt to
33 implement the recommendation within the required timeframes, it
34 would be subject to a loss of State aid equal to LUARCC's
35 estimated cost savings for implementing the recommendation. A
36 municipality would not be subject to a reduction in State aid if it
37 approved a recommendation for the sharing of services and the
38 failure to implement the recommendation was due to the action or
39 inaction of the governing body or voters of another local unit.