COMPLIANCE OUTSIDE THE LOCAL PUBLIC CONTRACTS LAW

Mary Louise Stanton, CCPO, QPA
Somerset County

Joseph Valenti, LLC

April 2011

This material is not intended to be used as legal advice. Individuals must consult with their own legal counsel as to the current laws', corresponding rules' and related laws' and rules' applicability to any particular situation.
In addition to the Local Public Contracts Law and Rules, many other statutes, regulations or programs “impact” procurement, including but not limited to:

**EQUAL EMPLOYMENT OPPORTUNITY & AFFIRMATIVE ACTION – N.J.S.A. 10:5-31 et seq**

1. Applies to Public Work Contracts defined as contract for construction, alteration or repair of any building or public work or for the acquisition of materials, equipment, supplies or services. Everything including professional services. (10:5-31)
2. No contract shall be awarded to a business which has not agreed and guaranteed to afford equal opportunity in employee matters. (10:5-32)
3. Mandated language shall be included in the specifications and contract provisions (10:5-33). This language changed in 2007 to include gender identity or expression. Exhibit A for goods, professional and general services contracts; and Exhibit B for construction contracts.
4. Contracts which fail to contain provisions A & B shall be null and void. (10:5-35a)
5. Fine up to $1,000.00 for violators (10:5-35b)
6. Public Agency Compliance Officer required.
7. Requires vendors pay a $150.00 fee for initial issuance and renewals.
8. Each public agency must include in all solicitations or advertisements the following language: “Bidders are required to comply with the requirements of N.J.S.A. 10:5-31 et seq and N.J.A.C. 17:27-1 et seq.
9. For all contracts exempt from Public bidding, the Public Agency shall include the following language in its solicitation: “If awarded a contract, your company/firm shall be required to comply with the requirements of N.J.S.A. 10:5-31 et seq and N.J.A.C. 17:27-1 et seq.

**PREVAILING WAGE ACT – N.J.S.A. 34:11-56.25 et seq**

1. Established to protect workers and their employers from the effects of serious and unfair competition resulting from wage levels detrimental to efficiency and well being.
2. Thresholds: Municipality $14,187.00, Everyone else $2,000.00
3. Construction, reconstruction, demolition, alteration, custom fabrication or repair work, or maintenance work including painting and decorating when paid in whole or in part with public funds, except work under a rehabilitation program (prisons). Or if at the time of entering into the contract the property is owned by the public entity. Or not less than 55% of the property is leased by a public body or is under agreement to be leased and the portion being leased is more than 20,000 sq. feet.
4. Does not include material suppliers or their employees who do not perform services on site.
5. Custom fabrication means fabrication of plumbing, heating & cooling ventilation or exhaust duct systems and mechanical insulation.
6. Contracts in excess of the threshold shall contain language that requires prevailing wage rates be paid and the contract may be terminated if prevailing wages are not paid.
7. Contractors may find prevailing wage rates online at http://lwd.dol.state.nj.us/labor/wagehour/wagerate/pwr_construction.html.
8. Public body must confirm contractor is not debarred prior to award. This information is available on the web at http://www.state.nj.us/tresaury/debarred/.
9. Before final payment is made by or on behalf of any public body or before any lessee to whom the public is leasing a property or premises or any lessor from whom the public body is leasing or will be leasing a property or premises, the treasurer of the public body, the lessee or the lessor shall require the contractor and subcontractor to file written statements with the public body in form satisfactory to the commissioner certifying to the amounts then due and owing from such contractor and subcontractor filing such statement to any and all workers for wages due on account of the public work.
10. Obtain certified payroll forms during the contract and file with the contract.

11. Rules are found at N.J.A.C. 12:60-1.1 and following.

PUBLIC WORKS CONTRACTOR REGISTRATION ACT – N.J.S.A. 34:11-56.48 et seq.
1. No contractor shall bid on any contract for public work as defined in N.J.S.A. 34:11-56.26 unless the contractor is registered pursuant to this act. No contractor shall list a subcontractor, named or listed, in a bid proposal for the contract unless the subcontractor is registered pursuant to N.J.S.A. 34:11-56.48 et seq. at the time the bid is made. (This is different than entity shall not enter a contract).
2. No contractor or subcontractor, including a subcontractor not listed in the bid proposal, shall engage in the performance of any public work subject to the contract, unless the contractor or subcontractor is registered.
3. Each contractor shall, after the bid is made and prior to the awarding of the contract, submit to the public entity the certificates of registration for all prime subcontractors named or listed, in the bid proposal. Applications for registration shall not be accepted by the local contracting unit as a substitute for a certificate of registration for the purposes of this section.
4. Rules are found in N.J.A.C.12:62-1.1 and 2.1 et seq.

The Federal Americans with Disabilities Act of 1990 requires bid specifications and contracts to contain language that prohibits discrimination on the basis of disability by public entities in all services, programs and activities provided or made available by public entities.

NON-COLLUSION – N.J.S.A. 52:34-15
1. Every contract or agreement negotiated or awarded shall contain a suitable warranty by the contractor that no person or selling agency has been employed or retained to solicit or secure such contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee.
2. Division of Local Government Services has a form you can use enclosed in the “Yellow Book” located on DLGS website.

STATEMENT OF CORPORATE OWNERSHIP – N.J.S.A. 52:25-24.2
1. No contract shall be awarded unless prior to receipt of bids or with the bid a Stockholder Disclosure Certification setting forth the names and addresses of all individuals who own 10% or more of the stock or interest of the company.
2. Applies to all forms of corporations and partnership including limited partnerships, limited liability corporations, limited liability partnerships and subchapter S corporations
3. Mandatory rejection.
4. Division of Local Government Services has a form you can use enclosed in the “Yellow Book” located on DLGS website.

PROJECT LABOR AGREEMENTS – N.J.S.A. 52:38-1 et seq.
1. A public entity MAY include a project labor agreement, a form of pre-hire collective bargaining agreement covering terms & conditions of a specific project.
2. Applies to Public Works contracts of $5 million or more for the construction, reconstruction, demolition or renovation of buildings at the public expense, other than pumping stations or water or sewage treatment plants.
2. Agreement with a labor union or requires successful bidder to negotiate an agreement with respect to a contracted work on a public works project, an organization which represents, for purposes of collective bargaining employees involved in the performance of public works contracts and eligible to be paid prevailing wages under the “New Jersey Prevailing Wage Act”, P.L.1963, c150 (C.34:11-56.25 et seq.) and has the present ability to refer, provide or represent sufficient numbers of qualified employees to perform the contracted work, in manner consistent with the provisions of this act and any plan mutually agreed upon by the labor organization and the public entity.

**WORKER AND COMMUNITY RIGHT TO KNOW ACT – N.J.S.A. 34:5A-1 et seq.**
1. Requires suppliers and employers to provide information about chemicals used in the work place. Containers must be labeled showing ingredients.
2. We provide notice in our specifications that contractors are required to comply. We additionally have local policy which includes information regarding who the contractor is to notify about the chemicals being used.
3. Schools are required to post notice that construction work is being done which may use hazardous materials. Specifications should include language to be sure the contractor provides the needed information in a timely fashion.

**MSDS – MATERIAL SAFETY AND DATA SHEETS – N.J.A.C. 8:59-1 et seq.**
Considerations for Contractor Safety Program
- Inform contractors of local safety procedures.
- Obtain contractor’s commitment to abide by safety procedures
- Define procedures to handle contractor injuries/emergencies.
- Establish a communication channel between the member and the contractor to address safety concerns.
- Document contractor activities and/or non-compliance with contract terms, e.g. violations of safety regulations.
- Inform contractors of known asbestos, lead or other hazards in their work area.
- Coordinate the following safety program areas:
  - Right to Know/Hazard Communication Standard.
  - Lockout-Tagout.
  - Confined Space Entry.
  - Indoor Air Quality.
  - Interruption of fire, security and fire protection systems.

**BUSINESS REGISTRATION ACT – N.J.S.A. 52:32-44**
1. Applies to local and state agencies including school boards and state and county colleges
2. No contract shall be entered into unless the contractor provides a copy of business registration in accordance with the below schedule:
   2.1.1. For bids and proposals – must be submitted before award of contract
   2.1.2. All other contracts prior to issuance of a Purchase Order.
3. Applies to Contractor and all subcontractors.
4. Contract to contain provisions for the contractor to comply – pay their tax!
5. Notice of the provisions of this law shall be included in bid specifications and requests for proposals documents.
PROMPT PAYMENT OF CONSTRUCTION CONTRACTS – N.J.S.A. 2A:30A-1

1. If a prime contractor has performed, and work has been approved and certified by the owner or the owner’s authorized approving agent, the owner shall pay the amount due to the prime contractor for each periodic payment, final payment or retainage monies not more than 30 calendar days after the billing date.

2. The billing shall be deemed approved and certified 20 days after the owner received it unless the owner provides, before the end of the 20-day period, a written statement of the amount withheld and the reason for withholding payment.

3. In the case of a public or governmental entity that requires the entity’s governing body to vote on authorizations for each periodic payment, final payment or retainage monies, the amount due may be approved and certified at the next scheduled public meeting of entity’s governing body, and paid during the entity’s subsequent payment cycle, provided this exception has been defined in the bid specifications and contract documents.

4. If a payment due pursuant to the provisions of this section is not made in a timely manner, the delinquent party shall be liable for the amount of money owed under the contract, plus interest at a rate equal to the prime rate plus 1%. Shall not apply to any transportation project as defined in N.J.S.A 27:1B-3, if that project receives federal funding and the awarding agency has been notified by the federal government that it will be classified as a high risk grantee pursuant to 49 C.F.R. 18.12.

5. Contractor may, after providing seven calendar days’ written notice to the party failing to make the required payment, suspend performance of a construction contract, without penalty for breach of contract. Shall not apply to any transportation project as defined in section 3 of P.L. 1984 c73 (C.27:1B-3), if that project receives federal funding and the application of this provision would jeopardize the funding.

6. Shall provide that disputes regarding whether a party has failed to make payments required pursuant to this section may be submitted to a process of alternative dispute resolution.

INSURANCE COMMISSIONER’S CERTIFICATE OF AUTHORITY – N.J.S.A. 17:31-5

1. The certificate of authority issued by the commissioner, to a surety company of this or any other state or foreign country, shall be evidence of its qualification and authority to become and be accepted as sole surety on all bonds, undertakings, recognizance’s and obligations required or permitted by law.


1. Requires all operators of underground facilities to participate in a One-Call Damage Prevention System.

2. Requires all excavators to notify the One-Call Damage Prevention System prior to excavation or demolition.

3. Specifications should contain language requiring compliance with this act.

The Law covers:
- Excavation activity on public and private property.
- The identification and marking-out of underground facilities by an entity owning, operating or controlling the facilities.
- Permits or permission for a road opening, building, demolition or excavation granted by a municipality or county.

Who must comply with the Law?
- Operators of underground facilities, public and private
- Municipal and county governments
- Public authorities and government operated utilities
- Excavators, public and private
- Owners of private property
CAL before you dig - 811 - Calling for free mark outs of underground utilities; 3-10-45 rule, contractor shall notify the One-Call Damage Prevention System not less than 3 business days and not more than 10 business days prior to the beginning of the excavation or demolition. Notice for an excavation that is commenced within 10 business days, as pursuant to N.J.S.A. 48:2-82(a) shall remain valid for 45 business days from notification, providing that the contractor maintains any mark out that is made by an operator of the underground facility in accordance with the provisions of N.J.S.A. 48:2-82(d)(4)(f) any excavation occurring after 45 business days from the time of such notification shall require a new notification, in accordance with N.J.S.A. 48:2-82.

CLAIMS AGAINST PUBLIC ENTITIES – N.J.S.A. 59:4-6 (PLAN OR DESIGN IMMUNITY)

1. Neither the public entity or a public employee is liable under this chapter for an injury caused by the plan or design of public property, either in its original construction or any improvement thereto, where such plan or design has been approved in advance of the construction or improvement by the Legislature or the governing body of a public entity or some other body or a public employee exercising discretionary authority to give such approval or where such plan or design is prepared in conformity with standards previously so approved.

LICENSED MASTER PLUMBER – N.J.S.A. 45:14C-1 et seq.

1. A Master Plumber is a person licensed and who has the qualifications, training, experience and technical knowledge necessary to properly plan, lay out, install and repair plumbing apparatus and equipment and to supervise others in the performance of such work.
2. To act as a plumbing contractor a master plumber must own 10% or more of stock or interests of the company.


1. No person shall advertise, enter into, engage in or work in business as an electrical contractor, unless such person has secured a business permit and such person or an officer, partner or employee who is or will be actively engaged in the business for which a business permit is sought has obtained a license from the NJ Office of the Attorney General, Division of Consumer Affairs, Board of Examiners of Electrical Contractors in accordance with the provisions of this act, and such licensee shall assume full responsibility for inspection and supervision of all electrical work.


1. No fire protection contractor shall engage in the installation, service, repair, inspection or maintenance of fire protection equipment without holding or employing a person who holds a valid Level II certificate of certification issued by agencies such as the National Institute of Certification in Engineering Technologies (NICET) and the National Association of Fire Equipment Distributors (NAFED).
2. The certificate shall define by class the type of work in which a fire protection contractor may engage.
3. Persons holding a license to engage in the fire alarm business pursuant to N.J.S.A. 45:5A-23 et seq., or who are electrical contractors as defined in N.J.S.A. 45:5A-2, are exempt from the requirement of obtaining a certificate of certification under this act to engage in the fire alarm business pursuant to this act to the extent that such persons are acting within the scope of practice of their profession or occupation.


1. Requires individuals or firms be licensed to install and repair fire and burglar alarms and locksmith systems.
TREE EXPERTS AND TREE CARE OPERATORS ACT – N.J.S.A. 45:15C-1 - Optional
1. Requires Tree Experts and Tree Care Operators to be licensed.
2. Optional – However, if you require this in your specifications, failure to provide proof in the bid is a fatal defect. The CTE is conferred by the New Jersey Board of Tree Experts, Department of Environmental Protection.

1. Requires irrigation contractors to be licensed.

“Pesticide” means and includes any substance or mixture of substances labeled, designed, intended for or capable of use in preventing, destroying, repelling, sterilizing or mitigating any insects, rodents, nematodes, predatory animals, fungi, weeds and other forms of plant or animal life or viruses, except viruses on or in living man or other animals. The term “pesticide” shall also include any substance or mixture of substances labeled, designed or intended for use as a defoliant, desiccant or plant regulator.

The Commissioner of the State Department of Environmental Protection shall have the power to formulate, promulgate, amend and repeal orders, rules and regulating prohibiting, conditioning and controlling the sale, purchase, transportation, labeling, use and application, or any thereof, of pesticides which cause or may tend to cause adverse effects on man or the environment by any person within this State, State rules and regulations with respect to the labeling of any pesticide, the labeling of which is prescribed by Federal law and regulations, shall to the extent practicable conform to the Federal requirements.

No person shall operate a pesticide applicator business as defined by 7:30-7.1 in the State of New Jersey without first licensing such business with the Department of Environmental Protection forms provided by the Department. Applications forms may be obtained by contacting the Pesticide Control Program, PO Box 411, Trenton, New Jersey 08625-0411. Each place of business shall employ, for each category or subcategory in which it makes pesticide applications, at least one responsible commercial pesticide applicator who is certified and licensed in that category or subcategory.

PUBLIC MOVERS AND WAREHOUSEMEN LICENSING ACT – N.J.S.A. 45:14D-1
Regulation and licensing of common carriers and licensing of warehousemen under State law.

HIPAA
Both parties agree to comply with all requirements of the Federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA") as maybe amended from time to time, and the corresponding HIPAA regulations for the confidentiality and security of medical information.

The Contractor shall:
• Not use or disclose protected health information other than as permitted or required by law
• Use appropriate safeguards to protect the confidentiality of the information
• Report any use or disclosure not permitted
The contractor, by execution of the contract, shall thereby indemnify and hold the County harmless from any and all liabilities, claims, actions, costs and penalties which may be incurred as the result of the failure of the contractor to comply with the requirements of the Health Insurance Portability and Accountability Act (HIPAA) or any other statute or case law protecting the privacy of persons using its services.

**LICENSED SITE REMEDIATION PROFESSIONAL (LSRP)**

An individual who is licensed by the Site Remediation Professional Licensing Board pursuant to section to section 7 of P.L.2009, c.60(C.58:10C-7) or the Department of Environmental Protection (DEP) pursuant to section 12 of P.L.2009, c.60 (C.58:10C-12). Projects requiring remediation will require a LSRP.
MUNICIPAL MECHANICS LIEN – N.J.S.A. 2A:44 – 125 to 142 Bond Act

1. Any person who, as laborer, mechanic, material man, merchant or trader, or subcontractor, in pursuance of or conformity with the terms of any contract for any public improvement made between any person and a public agency as defined in N.J.S.A. 2A:44-126 and authorized by law to make contracts for the making of public improvements, performs any labor or furnishes any materials, including the furnishing of oil, gasoline or lubricants and vehicle use, toward the performance or completion of any such contract, shall, on complying with the provisions of subsection b. of N.J.S.A. 2A:44-132 and N.J.S.A. 2A:44-133, have a lien for the value of the labor or materials, or both, upon the moneys due or to grow due under the contract and in the control of the public agency, to the full value of the claim or demand.

2. No public agency shall be required to pay a greater amount than the contract price of the labor performed and materials furnished or the value thereof when no specific contract is made with respect to the same by the contractor or subcontractor, respectively.

3. Any person who may seek to assert a lien shall, within 20 days of the first performance of work or performance of work or delivery of labor or materials to a subcontractor, file with the municipal clerk, the chief financial officer of the county or the chairman of the commission, board or authority, whichever is appropriate, written notice that he or she has furnished labor or materials to the subcontractor.

4. If a notice is filed after the 20-day period, the person so filing may assert a lien for any labor or materials provided on or after that filing date.

5. The funds to which a lien has attached may be released and paid to the contractor upon the filing with such officer of a bond in double the sum of all claims filed under the provisions of this article against the contract. The bond shall be approved, as to the form by the chief law officer of the public agency, and, as to the sufficiency thereof, by the financial officer with whom it is filed.

6. 2A:44-143 requires a payment bond.

BONDS FOR PUBLIC WORK AND IMPROVEMENT – N.J.S.A. 2A:44-143 through 147

1. When public buildings or other public works or improvements are about to be constructed, erected, altered or repaired under contract, at the expense of the State or any contracting unit or school district, the board, officer or agent contracting on behalf of the State, contracting unit or school district, shall require delivery of the payment and performance bond issued in accordance with N.J.S.A. 2A:44-147. Can be waived for state under $200K and $100K for everyone else.

2. The board, officer or agent shall also require that all payment and performance bonds be issued by a surety which meets the requirements of the act.

3. Shall not accept a payment or performance bond unless there is attached thereto a Surety Disclosure Statement and Certification.

4. Payment Bond in an amount equal to 100 per cent of the contract price. The payment bond shall be conditioned for the payment by the contractor of all indebtedness which may accrue to any person, firm or corporation designated as a “beneficiary” pursuant to N.J.S.A. 2A:44-143, in an amount not exceeding the sum specified in the bond, on account of any labor performed or materials, provisions, provender or other supplies, or teams, fuels, oils, implements or machinery used or consumed in, upon, for or about the construction, erection, alteration or repair of the public building or public work or improvement.

5. Form of bonds is provided in 2A:44-147.
PAY TO PLAY – N.J.S.A. 19:44-20.4 et seq.
1. Threshold is $17,500. Not your bid threshold. Includes professional services. Rules of aggregation apply. Aggregation by vendor.
2. Fair and Open. Bids, Request for Proposals and Request for Quotes.
3. Must be advertised 10 days prior to receipt. Paper or Website.
4. Publicly opened and read aloud. Award by Governing Body.
6. Any business entity making a contribution of money or any other thing of value, including an in-kind contribution, or pledge to make a contribution of any kind to a candidate for or the holder of any public office having ultimate responsibility for the awarding of public contracts, or to a political party committee, legislative leadership committee, political committee or continuing political committee, which has received in any calendar year $50,000 or more in the aggregate through agreements or contract with public entity, shall file an annual disclosure statement with the New Jersey Election Law Enforcement Commission, established pursuant to N.J.S.A. 19:44A-5, setting forth all such contributions made by the business entity during the 12 months prior to the reporting deadline. N.J.S.A. 19:44A-20.27

OSHA – OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION UNITED STATES DEPARTMENT OF LABOR
   Work Hazards
   Noise Exposure
   Material Handling Equipment
   Hazard Assessment, etc.

HAZARDOUS WASTE TRANSPORTER LICENSE A-901 LICENSE
A-901 License - Licensed refers to those transporter approved by the NJDEP to operate a solid/hazardous waste hauling/transportation business in New Jersey. They are also required to have a Certificate of Public Necessity and Convenience. It is Licensing and Registration through NJDEP and background check through the State Police.

AMENDMENTS TO N.J.S.A. 2C: 21-33 et seq. “TRUTH IN CONTRACTING”
Provisions of law govern false claims and representation. It is a serious crime for the vendor to knowingly submit a false claim and/or knowingly make material misrepresentation. There are enhanced penalties for areas of false claims, bid rigging and bribery, gratuities and gifts; and conflict of interest. Please consult the statute for further information.

1. Regulates contractors engaging in residential or non-commercial property home improvements. Requires annual registration with the Division of Consumer Affairs in the Department of Law and Public Safety, mandates concerning information to be contained in certain home improvement contracts; and provisions regarding cancellation of these contracts.
SHARED SERVICES ACT – N.J.S.A. 40A:65-1

1. Adopted to promote shared services
2. Any local unit may enter into any agreement with any other local unit or units to provide or receive any service, including services incidental to the primary purposes of any of the participating local units.
3. Any agreement entered into pursuant to this section shall be filed, for informational purposes, with the Division of Local Government.
4. If any local unit performs a service on behalf of one or more other local units that utilizes a private contractor to perform all or most of that service, then that local unit shall award the contract for the work to be performed by a private contractor under the agreement in accordance with the “Local Public Contracts Law”.
5. When a local unit contracts, through a shared service or joint meeting, to have another local unit or a joint meeting provide a service it is currently providing using public employees and one or more of the local units have adopted Title 11A, Civil Service, then the agreement shall include an employment reconciliation plan.
6. 40A:65-14 Joint contract for joint meeting for public services
   a. Two or more units, contract not to exceed 40 years, provide for the formation of a joint meeting for the joint operation of any public services public improvements, works, facilities, or undertakings which the local units are empowered to operate
   b. The joint contract shall set forth the public services, public improvements, works, facilities, or undertakings which the contracting local units desire to operate jointly, and shall provide in general terms the manner in which the public services, public improvements, works, facilities or undertakings shall be jointly operated, and the respective duties and responsibilities of the contracting local units.
   c. Does not authorize joint contract for operation of a public utility.
   d. Any joint meeting or public school jointure formed under a previous law is continued and shall be governed under the provisions of 40A:65-1 through 40A:65-35.

A representative committee of registered voters from two or more contiguous municipalities may petition the board for the creation of a Municipal Consolidation Study. Requires petition signed by 10% of the total votes cast in those municipalities at the last preceding general election.