

6340 MULTIPLE YEAR CONTRACTS

The Board of Education may enter a multiple year contract for goods and services permitted by law whenever the extended contract will serve the needs of the district and yield greater return for the expenditure.

The Business Administrator is directed to investigate the advantage to the district of multiple year contracts. Investigation should include, but need not be limited to, a comparison of the costs of multiple year and single year contracts, an analysis of trends in the costs and availability of the goods or services to be provided, the projected needs of the district, and an inquiry into the reliability and stability of the vendor.

Except for those contracts exempted from the requirement by law, all multiple year contracts will contain a cancellation clause or a clause conditioning annual extension of the contract on the appropriation of sufficient funds to meet the Board's obligation.

All multiple year contracts must be approved by the Board. When the estimated annual cost of a multiple year contract exceeds the bid threshold established by law and the subject of the contract is not exempt from bidding, the contract shall be advertised in accordance with law and the bidding procedures of this district.

N.J.S.A. 18A:18A-5; 18A:18A-42

First Reading: September 25, 2018
Adopted: October 30, 2018

R 6340 MULTIPLE YEAR CONTRACTS

- A. All contracts for the provision or performance of goods or services will be awarded for a period not to exceed twenty-four consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 shall be awarded for a period not to exceed twelve consecutive months.
- B. The Board may award a contract for longer periods of time as follows:
1. Supplying of:
 - a. Fuel for heating purposes, for any term not exceeding in the aggregate, three years;
 - b. Fuel or oil for use of automobiles, autobuses, motor vehicles or equipment, for any term not exceeding in the aggregate, three years;
 - c. Thermal energy produced by a cogeneration facility, for use for heating or air conditioning or both, for any term not exceeding forty years, when the contract is approved by the Board of Public Utilities. For the purposes of this paragraph, "cogeneration" means the simultaneous production in one facility of electric power and other forms of useful energy such as heating or process steam; or
 2. Plowing and removal of snow and ice, for any term not exceeding in the aggregate, three years; or
 3. Collection and disposal of garbage and refuse, for any term not exceeding in the aggregate, three years; or
 4. Data processing service, for any term of not more than seven years; or

FINANCES
R 6340
Multiple Year Contracts

Page 2 of 4

5. Insurance, including the purchase of insurance coverages, insurance consultant or administrative services, and including participation in a joint self-insurance fund, risk management program or related services provided by a school Board insurance group, or participation in an insurance fund established by a county pursuant to N.J.S.A. 40A:10-6, or a joint insurance fund established pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.), for any term of not more than three years; or
6. Leasing or servicing of automobiles, motor vehicles, electronic communications equipment, machinery and equipment of every nature and kind and textbooks and non-consumable instructional materials, for any term not exceeding in the aggregate, five years; provided, however, such contracts shall be awarded only subject to and in accordance with rules and regulations promulgated by the State Board of Education; or
7. Supplying of any product or the rendering of any service by a company providing voice, data, transmission or switching services, for a term not exceeding five years; or
8. Driver education instruction conducted by private, licensed driver education schools, for any term not exceeding in the aggregate, three years;
9. Provision or performance of goods or services for the purpose of conserving energy in the buildings owned by any local Board of education, the entire price of which shall be established as a percentage of the resultant savings in energy costs, for a term not to exceed fifteen years; except that these contracts shall be entered into only subject to and in accordance with guidelines promulgated by the Board of Public Utilities establishing a methodology for computing energy costs;
10. Any single project for the construction, reconstruction or rehabilitation of any public building, structure or facility, or any public works project, including the retention of the services of any architect or engineer in connection therewith, for the length of time authorized and necessary for the completion of the actual construction;
11. Laundry service and the rental, supply and cleaning of uniforms for any term of not more than three years;

FINANCES
R 6340
Multiple Year Contracts

Page 3 of 4

12. Food supplies and food services for any term of not more than three years;
 13. Purchases made under a contract awarded by the Director of the Division of Purchase and Property in the Department of the Treasury for use by counties, municipalities or other contracting units pursuant to section 3 of P.L.1969, c.104 (C.52:25-16.1), for a term not to exceed the term of that contract.
- C. Any contract for services other than professional services, the statutory length of which contract is for three years or less, may include provisions for no more than one two-year, or two one-year, extensions, subject to the following limitations:
1. The contract must be awarded by resolution of the Board upon a finding by the Board that the services are being performed in an effective and efficient manner;
 2. No such contract shall be extended so that it runs for more than a total of five consecutive years;
 3. Any price change included as part of an extension shall be based upon the price of the original contract as cumulatively adjusted pursuant to any previous adjustment or extension and shall not exceed the change in the index rate for the twelve months preceding the most recent quarterly calculation available at the time the contract is renewed; and the terms and conditions of the contract remain substantially the same.
- D. All multiyear leases and contracts entered into pursuant to N.J.S.A. 18A:18A-42, including any two-year or one-year extensions, except contracts for insurance coverages, insurance consultant or administrative services, participation or membership in a joint self-insurance fund, risk management programs or related services of a school Board insurance group, participation in an insurance fund established by a county pursuant to N.J.S.A. 40A:10-6 or contracts for thermal energy authorized pursuant to subsection a. above, and contracts for the provision or performance of goods or services to promote energy conservation authorized pursuant to B.9. of this regulation shall contain a clause making them subject to the availability and appropriation annually of sufficient funds as may be required to meet the extended obligation, or contain an annual cancellation clause.

FINANCES
R 6340
Multiple Year Contracts

Page 4 of 4

- E. All contracts shall cease to have effect at the end of the contracted period and shall not be extended by any mechanism or provision, unless in conformance with the "Public School Contracts Law," N.J.S.A. 18A:18A-1 et seq., except that a contract may be extended by mutual agreement of the parties to the contract when a Board of Education has commenced rebidding prior to the time the contract expires or when the awarding of a contract is pending at the time the contract expires.

In Effect: October 30, 2018