

COR/2020/01393

INFORMATION CIRCULAR

To: All Municipalities, All Local Service Districts

RE: Changes in Procurement Thresholds due to COVID-19 Pandemic Situation

Date: June 2, 2020

Effective immediately, the Public Procurement Regulations and associated Policy have been amended. There are four main changes to take note of:

1. Short Term Increases to the thresholds for Engineering and Architectural Services

Due to the ongoing COVID-19 public health emergency situation, thresholds for engineering and architectural services have been **temporarily** increased from the current limit of \$100,000 to \$264,200. This temporary increase expires on March 31, 2021. This will allow municipal construction projects to begin more quickly, and support employment across the province.

For projects funded through Municipal Affairs and Environment Funding programs, the following changes to our "Procurement Policy Professional Services" will be in effect until March 31, 2021. The original policy can be found at

<https://www.gov.nl.ca/mae/files/pdf-procurement-policy-professional-services.pdf>

- a) Estimated fee up to \$100,000 - Engagement can follow either the Fair and Reasonable path or Limited Call for Bids
- b) Estimated fee \$100,000 - \$264,200 - Limited Call for Bids is required in all cases
- c) Estimated fee greater than \$264,200 - Public Request for Proposals is required in all cases

The Infrastructure and Waste Management Division will be allocating resources dedicated to the procurement of consulting services and for those Municipalities having signed funding agreements, one of our team will be contacting you in the coming weeks.

2. Increased Thresholds at which an Open Call for Bids is Required

The thresholds at which open calls for bids are required have been increased, allowing for more opportunities to direct business to local suppliers through a limited call process.

For Municipalities and Local Service Districts, these thresholds at or above which an open call for bids will be required are as follows:

- Goods - \$105,700;
- Services - \$105,700;
- Construction - \$264,200.

3. **Addition of a Provincial Supplier Preference Provision**

A provincial supplier preference provision has been added to the Regulations. This provision mandates an allowance of ten per cent for provincial suppliers for all procurements to the maximum permitted under the Canadian Free Trade Agreement (CFTA) thresholds. To clarify, a preference provision cannot be added for procurements above trade agreement thresholds.

For Municipalities and Local Service Districts, these thresholds to which local preference will be added, will be as follows:

- Goods - \$105,700;
- Services - \$105,700;
- Construction - \$264,200.

The Local Preference Provision will allow for a 10% reduction in the bid price for a **Provincial Supplier** for the purpose of evaluating the **Provincial Supplier's** bid, except where contrary to a trade agreement. A **Provincial Supplier** is a supplier with a place of business in the province.

Example:

	Location	Bid	Provincial	10% reduction for Provincial Supplier	Evaluated Bid Value	Rank	Accepted Bid Value
Bidder 1	NL	\$ 96,000.00	Yes	\$ 9,600.00	\$ 86,400.00	1	\$96,000
Bidder 2	PEI	\$ 90,000.00	No		\$ 90,000.00	3	N/A
Bidder 3	NS	\$ 95,000.00	No		\$ 95,000.00	4	N/A
Bidder 4	NL	\$ 99,000.00	Yes	\$ 9,900.00	\$ 89,100.00	2	N/A
Successful Bidder is Bidder 1 at \$96,000							

It should be noted that while the 10% reduction is applied for evaluation purposes, the purchase order and payment should be approved for the actual bid price.

4. **Reporting Requirements**

Given the increase in thresholds, reporting requirements for limited calls have been enhanced. In addition to awards resulting from open calls, award information must also be publicly provided for limited calls as follows: Goods at \$10,000 and above; Services at \$50,000 and above; and Public Works at \$100,000 and above.

These changes are effective immediately for any new procurements. Procurements ongoing prior to these changes will continue per previous requirements.

Further information relating to these changes and the application of same are provided in the Public Procurement Policy, which is available at: <https://www.gov.nl.ca/ppa/division/policy/>.

If you or your officials require additional information, please do not hesitate to contact the Public Procurement Agency at 729-3348. Official news release can be found at:

<https://www.gov.nl.ca/releases/2020/servicen/0601n02/>

Please reach out to your Regional Engineer to discuss any implications on federally or provincially funded capital works projects.

Sincerely,



**KIM KIELEY, P.ENG., FEC
DIRECTOR (A) –
INFRASTRUCTURE AND WASTE MANAGEMENT
MUNICIPAL AFFAIRS AND ENVIRONMENT**