

**LFN 2015-20**

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# Local Finance Notice

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## ADJUSTMENT OF PUBLIC BIDDING THRESHOLD EFFECTIVE JULY 1, 2015

Pursuant to N.J.S.A. 40A:11-3(c) and 18A:18A-3(b), Governor Chris Christie has exercised his authority to adjust bid thresholds for contracting units subject to the Local Public Contracts Law and Public School Contracts Law. These adjustments became effective July 1, 2015.

For contracting units that have appointed a Qualified Purchasing Agent pursuant to N.J.S.A. 40A:11-9(b), and take advantage of a higher bid threshold pursuant to N.J.S.A. 40A:11-3 and 18A:18A-3, the maximum bid threshold has been increased from **\$36,000 to \$40,000**.

If a contracting unit governed by the Local Public Contracts Law (N.J.S.A. 40A:11-1 et seq.) does not have a Qualified Purchasing Agent, the maximum bid threshold remains **\$17,500**. The maximum bid threshold for those contracting units subject to the Public School Contracts Law (N.J.S.A. 18A:18A-1 et seq.) that do not have a Qualified Purchasing Agent has been increased from **\$26,000 to \$29,000**.

Contracting units should review their procurement policies and enabling resolutions or ordinances (as appropriate to the agency) to determine what action, if any, is needed to take advantage of the higher bid and quotation thresholds. Where the contracting unit has set fixed amounts, the governing body should act accordingly to adjust the bid and quotation threshold amounts. This should also be reflected if resolutions appointing a qualified purchasing agent used fixed threshold amounts. Contracting units still have the option to set their bid thresholds at a lower amount.

Contracts exceeding the new threshold are subject to the appropriate requirements of the Local Public Contracts Law and the Public School Contracts Law. As a result of the change in bid threshold, the 15% threshold for the informal receipt of quotations thresholds of N.J.S.A. 40A:11-6.1(a) and 18A:18A-37(a) also changes. The following table summarizes the most current bid and quotation thresholds:

	Bid Threshold	Quotation Threshold
LPCL Units without QPAs	\$17,500	\$2,625
PSCL Units without QPAs	\$29,000	\$4,350
LPCL & PSCL Units <u>with</u> QPAs	\$40,000	\$6,000

Please note that the political contribution threshold (pay-to-play) of \$17,500 remains in place. All procurement over \$17,500 and less than agency's new, higher bid threshold (window contracts) are subject to those laws.

An exception to the above-referenced bid threshold calculation involves "road contracts" subject to N.J.S.A. 27:2-1. This law requires that "...when the cost of constructing, reconstructing or resurfacing any State, county or municipal road, street or highway, or portion thereof, will exceed [the bid threshold]", the odd-year bid threshold adjustment formula that was in effect prior to P.L 1999, c. 440 for all contracting units still applies. Under this formula, the applicable bid threshold for these road projects is currently **\$18,800**.

In addition, the current bid threshold for public school student transportation contracts as calculated pursuant to N.J.S.A. 18A:39-3 is **\$18,800**.

Recipients are asked to distribute copies of this Notice to personnel such as the Chief Administrative Officer, Chief Financial Officer, Purchasing Agent, and other staff members who deal with purchasing issues.

If you have any questions regarding this matter, please feel free to contact our staff at (609) 292-7842 or by e-mail at [lpcl@dca.nj.gov](mailto:lpcl@dca.nj.gov).

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Approved: Timothy J. Cunningham, Director