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Local Finance Notice

Chris Christie
 Governor

Kim Guadagno
 Lt. Governor

Lori Grifa
 Commissioner

Marc Pfeiffer
 Acting Director

Contact Information

Director's Office

V. 609.292.6613
 F. 609.292.9073

Local Government Research

V. 609.292.6110
 F. 609.292.9073

Financial Regulation and Assistance

V. 609.292.4806
 F. 609.984.7388

Local Finance Board

V. 609.292.0479
 F. 609.633.6243

Local Management Services

V. 609.292.7842
 F. 609.633.6243

Authority Regulation

V. 609.984.0132
 F. 609.984.7388

Mail and Delivery

101 South Broad St.
 PO Box 803
 Trenton, New Jersey
 08625-0803

Web: www.nj.gov/dca/dlgs

E-mail: dlgs@dca.state.nj.us

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ADJUSTMENT OF PUBLIC BIDDING THRESHOLD JULY 1, 2010

Pursuant to N.J.S.A. 40A:11-3(c) and 18A:18A-3(b), Governor Chris Christie has exercised his authority to adjust the bid thresholds for awarding contracts by various contracting units. Please be advised that the bid threshold for contracting units governed by the Local Public Contracts Law (N.J.S.A. 40A:11-2) and the Public School Contracts Law (N.J.S.A. 18A:18A-2) will rise **from \$21,000 to \$26,000** on July 1, 2010.

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(a) and 18A:18A-3(a), have their maximum bid threshold increased from **\$29,000 to \$36,000**.

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.

While the bid threshold has increased, contracting units can set their threshold at a lower amount to encourage greater competition between vendors.

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 new bid and quotation thresholds.

	Bid Threshold	Quotation Threshold
Base amount	\$26,000	\$3,900
With Qualified Purchasing Agent	\$36,000	\$5,400

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 this calculation involves contracts that fall under N.J.S.A. 27:2-1, dealing with “Road contracts.” 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 threshold formula that was in effect prior to P.L 1999, c. 440 for all contracting units, still applies. Under this formula, the threshold for these road projects is currently \$17,200.

In addition, the law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$17,200.

The Division of Purchase and Property website has the full schedules for [5-year adjustments](#) and [2-year adjustments](#).

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.state.nj.us.

Approved: Marc Pfeiffer, Acting Director

Table of Web Links

Page	Shortcut text	Internet Address
1	5-year adjustments	http://www.state.nj.us/treasury/purchase/adjpubbid05.shtml
2	2-year adjustments	http://www.state.nj.us/treasury/purchase/adjpubbid02.shtml