



## INTERPRETIVE BULLETIN 4 (IB-4)

### **Application and Substantiation of the BIP Bid Adjustment**

This Interpretive Bulletin is issued pursuant to the Business Incentive Policy 63.02

#### **Issue:**

There should be consistency in the manner in which the Business Incentive Policy (BIP) is interpreted and applied with respect to section 6(8) *Application of Bid Adjustment* on Government of the Northwest Territories (GNWT) procurement opportunities, including, but not limited to bids, proposals, innovative and collaborative construction contracting approaches, such as construction management and integrated project delivery models, and revenue contracts.

#### **Therefore:**

The Senior Management Committee interprets the BIP and directs the following:

### **General Application and Substantiation of BIP Bid Adjustments**

This section applies to both Tenders and Requests for Proposals. Preference is available to NWT-based BIP registered businesses, and for the NWT Content and Local Content components of the bid or proposal. To receive this preference (the "Bid Adjustment"), bidders and proponents must provide BIP content information with their bid or proposal.

1. Bids and proposals shall be evaluated as outlined in the attached **Appendix IB4-A Substantiation of BIP Bid Adjustment Form**. With the exception of procurement opportunities for goods, vendors must submit Appendix IB4-A to receive the BIP Bid Adjustment.
2. When procuring goods, the bid adjustment will be applied in accordance with the process set out below, without the Appendix IB4-A form, and will be based on the BIP registration status of the vendor and its approved BIP goods commodities.
3. The following Bid Adjustments shall be applied:
  - (a) Procurements \$25,000 and greater but less than \$1,000,000  
A 15 percent Bid Adjustment will be applied to the NWT Content. An additional 5 percent Bid Adjustment will be applied to any Local Content.
  - (b) Procurements greater than \$1,000,000
    - i. For the first \$1,000,000:
      - A. a 15 percent Bid Adjustment will be applied to the NWT Content; and



- B. an additional 5 percent Bid Adjustment will be applied to any Local Content.
  - ii. For the portion of the bid or proposal above \$1,000,000, up to the maximum allowable Bid Adjustment:
    - A. a 1.5 percent Bid Adjustment will be applied to the NWT Content; and
    - B. an additional 0.5 percent Bid Adjustment will be applied to the Local Content.
- 4. The Bid Adjustment applied to any bid or proposal will be limited to a maximum of \$500,000.
- 5. The amount listed in the Substantiation of BIP Bid Adjustment Form is to be the total value of the bid/proposal, which consists of the bidder or proponent's 'Own Forces' portion of the bid/proposal plus the amount listed for each subcontractor and goods supplier. Amendments to the bid/proposal affecting the price will require the bidder/proponent to also amend the BIP Bid Adjustment Substantiation Form to reflect the change, prior to the tender or Request for Proposals (RFP) closing.
- 6. To simplify the process, Excel spreadsheet versions of the Forms can be filled in, saved and submitted with the bid or proposal. The spreadsheet versions will automatically calculate the BIP Bid Adjustment. <https://www.fin.gov.nt.ca/en/services/3-help-and-resources/forms-and-other-resources>
- 7. The bidder/proponent acknowledges that the percentage of BIP Content that it specifies in the Substantiation of BIP Adjustment Form submitted with its bid or proposal, represents a contractual commitment. A failure by the successful bidder/proponent ("contractor") to achieve the percentage of BIP Content that they have committed to will constitute a breach of contract, which may result in the contractor being deemed "not responsible" and therefore ineligible for future GNWT contracts.
- 8. The labour content of a bid or proposal shall only be considered "NWT Content" or "Local Content" if the employee is an NWT Resident as defined in the BIP (an individual who is ordinarily a resident of the Northwest Territories and has been such a resident for the last six months and can provide documentation supporting residency, such as a Northwest Territories Driver's Licence or other acceptable form of identification).
- 9. "Local Content" is the portion of work that will be performed by local residents and businesses. The local community or communities will either be specified in the procurement documents or will be considered the community in which the work or adjacent to where the work is undertaken.
- 10. Credit under the BIP for the portion of the bid or proposal that consists of the provision of goods, shall only be considered "NWT Content" or "Local Content" if the supplier is BIP registered and approved for the specific goods commodity that the supplier would be supplying under the contract.



11. The GNWT will not be held responsible or liable for any errors or omissions in the Substantiation of BIP Bid Adjustment Forms. The bidder/proponent is solely responsible for the commitments they make in the Substantiation of BIP Bid Adjustment Form submitted with their bid or proposal and will be held to those commitments by the GNWT.
12. If a bidder or proponent makes an error in the Substantiation of BIP Adjustment Form or provides information in its bid/proposal that conflicts with the commitments made in the Substantiation of BIP Adjustment Form, the bidder/proponent may not receive any credit under the BIP. For example, if a bidder/proponent indicates 100% Local BIP Content in their Substantiation of BIP Adjustment Form, but the information included with their bid or proposal conflicts with that commitment, the bidder/proponent may receive no credit under the BIP (e.g. resume indicates that an employee is not an NWT resident, a subcontractor is not BIP registered or based in the NWT, a supplier is not approved for the required goods, etc.).
13. Compliance with Local and NWT BIP content will be monitored throughout a contract, and contracts may be subject to internal or third-party audit to verify compliance with the BIP.

#### **Application of the BIP Bid Adjustment to Proposals**

14. When issuing RFPs and evaluating proposals, the financial component of a proposal shall be subject to a BIP bid adjustment that will be calculated in accordance with the above Application and Substantiation of the BIP Bid Adjustment.
15. The BIP adjusted price shall then be used to calculate the total points awarded for the "Financial" criterion of the Proposal Rating Schedule, attached as **Appendix IB4-B – Proposal Rating Schedule**.
16. To receive credit pursuant to the BIP, a proponent responding to an RFP must complete and submit the Substantiation of BIP Adjustment Form that is provided in the attached Appendix IB4-A.
17. To ensure that the BIP provides an appropriate level of incentive for NWT businesses and resident labour, RFPs will assign a minimum weight of 20% to the financial component in the proposal rating schedule.
18. In a situation where it is unnecessary to evaluate a financial component of a proposal (e.g. if the RFP and contract state a fee that has already been fixed), the 20% allocated to the financial component of the proposal rating schedule will solely be used to assess the BIP content that has been proposed relative to the fixed fee. This will result in a BIP adjustment to the fixed fee that will be used for evaluation purposes only.

#### **Application of BIP Bid Adjustments to Construction Management and Progressive Design Build Contract Models**



19. RFPs using a Construction Management or Progressive Design Build contract will be evaluated as outlined above, and will use the Substantiation of BIP Adjustment Form attached as Appendix IB4-C.
20. Bidders or Proponents using the Appendix IB4-C Form are making a contractual commitment with respect to the percentage of BIP content that will be engaged throughout a contract, regardless of the final value of the contract. A failure by the successful bidder, proponent or contractor to achieve the percentage of BIP Content that they have committed to will constitute a breach of contract, which may result in the contractor being deemed “not responsible” and therefore ineligible for future GNWT contracts.

#### **Application of the BIP Bid Adjustment to Revenue Contracts**

21. In consideration of revenue contracts where a bidder or proponent are awarded higher points based on the proposed revenue that the contract would generate for the GNWT, it is acknowledged that applying a traditional bid adjustment, as is set out above, would not be logical nor beneficial for the bidder/proponent. Accordingly, in the case of a revenue contract, using the Substantiation of BIP Bid Adjustment Form (Appendix IB4-A), a bidder or proponent will be awarded credit under the BIP, by adding the proposed bid adjustment to the total proposed/bid revenue (instead of subtracting the bid adjustment from the total bid/proposal amount).
22. To simplify the process there is an Excel spreadsheet that can be filled in, saved and submitted with the bid or proposal. This spreadsheet will automatically calculate the BIP Bid Adjustment.



## Appendix IB4-A General Substantiation of BIP Adjustment Form

General Substantiation of BIP Adjustment Appendix – IB4-A NWT and Local Content Form				
<b>Bidder/Proponent:</b>				
Legal Business Name (or as listed on the GNWT BIP Registry)			<b>Ref. Number:</b>	
<b>Total Bid/Proposal Amount:</b>			\$	
<b>Total BIP Content Commitment</b>				
	% Percentage <sup>1</sup>	\$ BIP Value <sup>2</sup>		
Local BIP Content	%	\$		
NWT BIP Content	%	\$		
Non-BIP Content	%	\$		
<sup>1</sup> The percentage of local BIP content, NWT BIP content, and non-BIP content relative to the total Bid/Proposal amount (\$).				
<sup>2</sup> Enter the dollar value of BIP content, NWT BIP content, and non-BIP content.				
<b>BIP Price Adjustment Summary</b>				
	Local BIP Content	NWT BIP Content	Non-BIP Content	Totals
Total Estimated Contract Amount:	\$	\$	\$	\$
BIP Adjustment – NWT Content to \$1,000,000	\$	\$	\$	\$
BIP Adjustment – Local Content to \$1,000,000	\$	\$	\$	\$
Subtotal BIP Adjustment – Content over \$1,000,000	\$	\$	\$	\$
BIP Adjustment – NWT Content over \$1,000,000	\$	\$	\$	\$
BIP Adjustment – Local Content over \$1,000,000	\$	\$	\$	\$
Subtotal BIP Adjustment – Content over \$1,000,000	\$	\$	\$	\$
Total BIP Adjustment Claimed:				\$
Maximum BIP Adjustment Permitted:				\$500,000.00
Actual BIP Adjustment Applied:				\$
Total Estimated Contract Amount:				\$
BIP Adjustment:				\$
BIP Adjusted Price:				\$



## Appendix IB4-B Proposal Rating Schedule

Example Proposal Evaluation Rating Schedule

Item	Rating Criteria	Assigned Weight (A)	Unit Points Awarded (B)	Total Points (A) x (B) = (C)
<b>Technical Proposal</b>				
1	[Technical Criterion 1]			
2	[Technical Criterion 2]			
3	[Technical Criterion 3]			
4	[Technical Criterion 4]			
5	[Technical Criterion 5]			
6	[Technical Criterion 6]			
7	[Technical Criterion 7]			
<b>Financial Proposal</b>				
8	Financial Evaluation			
<b>Totals:</b>		100%		

**Note 1:** Financial proposals (e.g. fees and expenses, total proposed price, etc.) will be subject to a BIP price adjustment (bid adjustment) prior to evaluation.

**Note 2:** The Example Proposal Evaluation Rating Schedule provided above is an example of the structure of the rating schedule in a typical RFP. This format may be altered or appear differently (such as the number of criteria) when it is incorporated into an RFP.



## Appendix IB4-C Substantiation of BIP Adjustment Form for CM and PDB

Substantiation of BIP Adjustment - Construction Management and Progress Design Build Appendix - IB4-C NWT and Local Content Form				
<b>Bidder/Proponent:</b>				
Legal Business Name (or as listed on the GNWT BIP Registry)		<b>Ref. Number:</b>		
<b>Total Estimated Contract Amount:</b>		\$		
<b>Total BIP Content Commitment</b>				
	Percentage <sup>1</sup>	Estimated BIP Value <sup>2</sup>		
Local BIP Content	%	\$		
NWT BIP Content	%	\$		
Non-BIP Content	%	\$		
<sup>1</sup> Specify the percentage of local BIP content, NWT BIP content, and non-BIP content relative to the total estimated contract amount.				
<sup>2</sup> Calculate the relative value of local BIP content, NWT BIP content, and non-BIP content using the percentage column and the Total Estimated Contract Amount.				
The "Estimated BIP Value" will be used for evaluation purposes only; the percentage of BIP content forms the contractual commitment.				
<b>BIP Price Adjustment Summary</b>				
	Local BIP Content	NWT BIP Content	Non-BIP Content	Totals
Total Estimated Contract Amount:	\$	\$	\$	\$
BIP Adjustment – NWT Content to \$1,000,000	\$	\$	\$	\$
BIP Adjustment – Local Content to \$1,000,000	\$	\$	\$	\$
Subtotal BIP Adjustment – Content to \$1,000,000	\$	\$	\$	\$
BIP Adjustment – NWT Content over \$1,000,000	\$	\$	\$	\$
BIP Adjustment – Local Content over \$1,000,000	\$	\$	\$	\$
Subtotal BIP Adjustment – Content over \$1,000,000	\$	\$	\$	\$
Total BIP Adjustment Claimed:				\$
Maximum BIP Adjustment Permitted:				\$500,000.00
Actual BIP Adjustment Applied:				\$
Total Estimated Contract Amount:				\$
BIP Adjustment:				\$
BIP Adjusted Price:				\$