

CIRCULAR

To: All Municipalities and Local Service Districts, Inuit Community Governments, and Consultants, MNL, PMA, HCNL, NLCA, MAC, & JMIC

Re: Approval to Award for Over-Budget Tenders

Date: October 29, 2025

This Circular aims to remind funding recipients of an important matter for the execution of funded capital works projects.

The Municipal Infrastructure Division (MI) provides cost shared funding for a variety of capital works infrastructure projects throughout the province. As part of its due diligence, MI must issue approvals to the funding recipient at various project stages (e.g. Approval to Call Public Tender, Approval to Call Public Tender, Approval to Award Contract).

Where a local government has a bidding opportunity close with a cost exceeding the available project funding, to award the contract, the council must provide a **Resolution of Council** indicating:

- That the local government will fund the excess cost.
- The value of the excess cost that will be covered; and
- How the local government will pay for the extra cost (e.g. own funds, financing)

This Resolution of Council must be received so that MI can be assured that the local government has adequately planned for, and accepts, the extra project costs. Sample Resolution of Council wording is provided on the following page.

This has been a long-standing requirement, however will now strictly be enforced as there has been an increasing number of contracts that result in council being unable to pay the contractors, which unfairly, and in contrary to the contract, puts these contractors in a hard position.

If you have any questions related to this, feel free to reach out to your Regional Office.

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Government of Newfoundland and Labrador
Department of Transportation and Infrastructure
Municipal Infrastructure

Sincerely,

A handwritten signature in black ink that reads "Kieley".

Kim Kieley, P. Eng., FEC
Director – Municipal Infrastructure
Transportation and Infrastructure

Example Resolution text:

“WHEREAS the town of **Insert Town/City/LSD Name** has entered into a funding agreement with the Department of Transportation and Infrastructure, through the Municipal Infrastructure Division, for **Enter Project Number, Enter Project Title** with the approved Total Project Cost amount of **\$enter total approved funding including tax**; and

WHEREAS the recently closed public tender for the abovementioned resulted in the preferred proponent, **Enter Contractor Name** with a bid of **\$enter bid value including tax, which exceeds the funds available by \$enter value of over run (total available – low bid)**

BE IT RESOLVED that Council agrees to cover the overrun of **\$ Insert Over run value** in project costs, and all other project costs in excess of the Total Project Cost through the use of **Townville's savings / Bank loan (attached documents) / Use of Canada Community Building Fund /etc.**

Note: the text above is for reference only. Recipient to edit bold italic text.

When submitted to MI, there will need to be a Motion number, and certified copy of the resolution.

Source of funding will need to be confirmed – bank statement, letter from financing agency, etc.