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Memo

To: Toni Henneman, Research Analyst
Legislative Services Division

From: Russ Katherman, Administrator

CC: Director Giles, DOA

Date: 7/7/2022

Re: Prevailing Wage Bill Draft, PD004 as requested by the Local Government Interim Committee

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Thanks for reaching out. I appreciate the opportunity to review the draft and provide input on the LGIC's concept of adjusting the level of prevailing wage applicability and how that impacts state sole-source procurement to match that of local government (i.e. $80,000 per §7-5-2301, §7-5-4302, and §20-9-204 MCA).

Several other statute misalignments between local and state construction procurement already exist, and the Section 3 change to §18-2-103 would create several direct conflicts unless they are likewise realigned to $80,000:

- State construction formal advertising limit in §18-2-301 is $75,000 and above.
- Bid security requirement in §18-2-302 is mandatory for state construction procurements >$25,000 and is non-waivable. Requiring a bid security below a sole-source procurement level serves no purpose.
- Performance/payment security in §18-2-201 is mandatory for all public entities for contracts >$50,000. This level is a carry-over from when the local government sole-source procurement limit was set at <$50,000.

I hope the above information is helpful and I'm available if there are any questions.

[END OF MEMO]