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May 4, 2017

The Honorable Regional Jones-Sawyer  
State Capitol  
P.O. Box 942849  
Sacramento, CA 94249-0059

**RE: AB 1250 (Jones-Sawyer) Counties and cities: contracts for personal services. –  
OPPOSE AS AMENDED**

Dear Assembly Member Jones-Sawyer:

The Association of California Cities – Orange County (ACC-OC) would like to express its opposition to the proposed legislation, Assembly Bill 1250 (Jones-Sawyer). In most cases, local governments can contract out for services based on discretionary review, AB 1250 would hamper this ability by establishing specific standards for the use of personal services contracts by counties and cities. This bill would unnecessarily burden a city or county by prohibiting the ability to contract out any work unless it meets specific criteria outlined by this legislation, significantly reducing the ability for cities to make decisions that would best serve their communities when evaluating their contracting options.

AB 1250 would only allow a county or city to contract for services when an extensive evaluation has been conducted to show that the proposed contract will result in actual overall costs savings to the local government, and does not cause the displacement of county or city workers. In the case that a city could prove these qualifications for a contracted service the bill would also require the county or city to conduct an audit of the contract to determine whether cost savings have been realized and would require the contractor to reimburse the cost of the audit. This would not only be costly and time consuming for cities and their staff, but it would act as a disincentive to outside businesses to bid for contracts within our state and local governments. This could significantly impact the true value of what could potentially be a more effective, efficient or cost saving contract option for cities.

Furthermore, even if a city were to work with a contractor amenable to these provisions, AB 1250 maintains that contracted work may still not be approved solely on the basis that savings will result from lower contractor pay rates or benefits. Proposals to contract out work shall only be eligible for approval if the contractor's wages are at the industry's level and do not significantly undercut county pay rates. This makes it more challenging to find a contract that would not only be less expensive, but somehow costs would need to remain aligned with that of what cities would normally pay for the described service, making the whole process counterintuitive.

In the case that a local government did secure an outside contract, the bill would require the county or city to provide an orientation to employees of the contractor who would perform services pursuant to the contract. The contract would also include specific provisions pertaining to the qualifications of the staff that would perform the work under the contract, as well as assurance that the contractor's hiring practices would be reviewed. If a contract were to exceed a \$5,000,000



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threshold there would be additional disclosure requirements. Each county or city would be obligated to maintain on its internet website a searchable database of all contracts and contract details, including:

- The name of the agency, department, or division responsible for providing the service in the absence of the contract.
- The name of the contractor and any subcontractors providing services under the contract.
- The effective and expiration dates of the contract.
- The annual amount paid pursuant to the contract to the contractor in the past three fiscal years and the current fiscal year, including the funding source for all amounts paid.
- The annual amount expected to be paid pursuant to the contract to the contractor in the next three fiscal years.
- The total projected cost of the contract for all fiscal year and the funding source for all amounts to be paid.
- The names of the employees of the contractor and any subcontractors providing services pursuant to the contract and their hourly pay rates, and the total number of full-time equivalent positions involved in performing the services under the contract.
- The names of any workers providing services pursuant to the contract as independent contractors and the compensation rates for such workers.

Additionally, it's unclear whether the cost of providing this information on a local government website would be included in a city's contract evaluation, or if this is a cost that would be reimbursed from the state because of its mandate over local governments.

The ACC-OC represents the interests of the 34 cities in Orange County and the County of Orange. ACC-OC is dedicated to the fiscal well-being of California's cities and is opposed to legislation that impedes on local government's economic vitality. For this and the reasons described above, the Association of California Cities – Orange County opposes AB 1250. Should you have any questions about our position or about ACC-OC, please contact Diana Coronado, ACC-OC's Legislative Affairs Director, at (714) 953-1300 or at [dcoronado@accoc.org](mailto:dcoronado@accoc.org).

Sincerely,

Heather Stratman  
Chief Executive Officer  
Association of California Cities – Orange County

CC:

The Honorable Lorena Gonzalez-Fletcher  
Assembly Appropriations Committee, Members  
Orange County State Legislative Delegation  
ACC-OC Board of Directors