



The Canyon City — Gateway to the American Dream

April 13, 2017

The Honorable Reginald Jones-Sawyer, Sr.
California State Assembly
State Capitol Building, Room 2117
Sacramento, CA 95814

RE: Assembly Bill 1250 -- Notice of Opposition

Dear Assembly Member Jones-Sawyer:

The City of Azusa must respectfully oppose your Assembly Bill 1250 (AB 1250), which effectively eliminates almost all contracting services for cities and counties.

Local governments have a long history of addressing service delivery challenges with creativity, self-reliance and innovation solutions. Unique local challenges and limited budgets continue to fuel innovative efforts to obtain expertise and provide high quality services. City employees provide many services, while others such as refuse collection and specialized services are provided on a contract basis. Some agencies contract for public safety services with their county sheriff and fire departments and park and recreation services are often provided by a special district.

As amended, AB 1250 places substantial burdens on local agencies by adding onerous, over prescriptive and unnecessary requirements that impede on local control and have significant impacts on local governance. Specifically AB 1250:

1. **Creates Significant Cost and Workload Requirements.** AB 1250 eliminates local agency hiring discretion by limiting a local agencies' ability to utilize a contract for the *sole purpose of cost savings through salaries and benefits*. This creates a significant hurdle as many local agencies continue to struggle financially and have not achieved the same level of economic prosperity compared to pre-2008 recession levels. Unemployment rates remain high in certain areas, while agencies are at a near breaking point on their unfunded actuarial liability (UAL) and normal pension costs and some communities remain in a difficult financial condition.

Moreover, AB 1250 requires that the agency provide an orientation to contracted employees. Last year, AB 2835 (Cooper) which mandated that public employers must provide an orientation to their own employees was tagged at *\$350 million in ongoing costs* by the California department of Finance. Having a local agency provide an additional orientation to non-city employees create significant cost and logistical concerns.

Additionally, there are real and significant privacy concerns about posting full names, job titles and salaries of *non-city employees*. AB 1250 would require a city to create a new, fully searchable database that must be posted on the city website which will include substantive and sensitive information including the names, job titles, salary of each contracted employee (and

subcontractors) and services of the contract, the name of the agency department or division of the city who manages the contract.

2. **Creates a series of new and burdensome reporting requirements prior to entering or renewing a contract.** AB 1250 would require a city, before entering a contract or renewing a contract, to perform a full economic analysis of the potential impacts of outsourcing, including the impact on local businesses if consumer spending power is reduced (among other factors). AB 1250 mandates a city to conduct a full environmental impact analysis caused by contracting for the services. Further, the measure forces a city to conduct an annual audit of each contract and prohibits a city from renewing or granting a new contract before the report is released and considered by the council.
3. **Increases Litigation to Local Agencies.** AB 1250 applies joint and several liabilities for employment law violations arising from performance of the contractor as well as torts committed by the contractor or any of its subcontractors in the course of providing services under the contract would place overly restrictive requirements on cities and potentially open that agency up to litigation.

Cities continue to face difficult budget conditions, which have been compounded by the loss of redevelopment and expanding pension and retiree health care obligations. AB 1250 further limits local agencies from being able to reduce costs and improve service delivery to their community by essentially eliminating their ability to contract out for services. This not only erodes local control, but strips local agencies of their ability to effectively govern and control costs.

For the reasons cited above, the City of Azusa strongly opposes AB 1250.

Sincerely,



Joseph Romero Rocha
Mayor

cc: Azusa City Council
Honorable Ed Hernandez, O.D, State Senator
Honorable Blanca Rubio, Assembly Member
Joe A. Gonsalves & Son
Jennifer Quan, League of California Cities