



August 9, 2017

The Honorable Ricardo Lara
Chair, Senate Appropriations Committee
State Capitol Building, Room 2206
Sacramento, CA 95814

RE: **Assembly Bill 1250 (Jones-Sawyer). Counties: contracts for personal services.
Oppose – As Amended June 21, 2017
Hearing Date: August 21, 2017 – Senate Appropriations Committee**

Dear Senator Lara:

The California State Association of Counties (CSAC), Urban Counties of California (UCC), Rural County Representatives of California (RCRC) and the California Association of Joint Powers Authorities (CAJPA) respectfully oppose Assembly Bill 1250 (Jones-Sawyer), related to county contracts for services. This measure would establish burdensome contract procurement and renewal requirements for 57 of California's 58 counties that are unlike any other imposed on any state or local agency in California. In addition, it creates hurdles for non-profits, community based organizations, and private service providers that will create a chilling effect on county contracting opportunities. The impacts of this bill are far-reaching and hurt the most vulnerable Californians. At the same time, it will tie the hands of counties in their most basic administrative functions. The result is that residents and the State will suffer as county contracting costs increase and services dwindle or simply stop.

Specifically, AB 1250 would establish requirements for a county (with the exception of San Francisco, a city and county) before it may enter into a contract or renew or extend an existing contract after January 1, 2018 with a "firm" for personal services, with limited exceptions. The term "firm" is defined as corporation, partnership, nonprofit organization, or sole proprietorship. The term "personal services" is not defined in the relevant code sections or any of the cross-referenced code sections. Examples of services areas where AB 1250 would apply include health care, mental and behavioral health, criminal justice and public safety, public works, environmental stewardship, transportation, and essential government administration including legal representation, information technology support, and records retention.

Counties rely on contracted service providers for many reasons. In some instances, it is to bring in expertise. Other times, it is the most effective way to reach residents who would otherwise not seek help due to stigma or cultural beliefs. It also is a way for counties to maximize local resources and taxpayer dollars. Counties may choose in some instances to contract with services providers because the benefits to their community and the results achieved are worth the investment.

Simply stated, AB 1250 will create a de facto prohibition on county service contracts due to the onerous requirements and costs drivers. It will also create a chilling effect on a county's ability to attract interested parties to respond to contract proposals. Our concerns related to fiscal impacts are outlined

below. It should be noted that counties have made a concerted effort to provide an accurate cost estimate despite the unclear terms, partial exemptions, and far-reaching scope of the bill's application.

Mandatory Cost-Benefit Analysis and Ongoing Audit and Performance Evaluations

AB 1250 requires counties to conduct a cost-benefit analysis for every prospective contractor bidding on a contract before entering into a new contract for personal services, with parameters based largely on state contracting rules. This fails to take into account locally adopted contract review procedures already in place and sets forth a sizeable mandate. For example, Imperial County (population 180,000) estimates the cost-benefit analyses for their contracted services would total \$400,000 annually, while in urban counties, the estimated figure jumps to the multi-million dollar range.

There are also audit and performance evaluation requirements before a contract can be renewed or extended under AB 1250. Imperial County, for example, estimates this will cost a collective \$345,000 per year for their non-profits, community based organizations, and private service providers. While the county does not bear the direct burden of the audit and performance evaluation, they are responsible for conducting the reviews or hiring an outside independent auditor. This creates ancillary costs for management. Imperial County would seek a contract manager (\$80,000 to \$90,000 annually) to conduct the reviews or coordinate the process. Nevada County (population 99,000) stated they would seek contract management solutions through new technology with a price tag of \$60,000 in year one and \$20,000 on-going.

The Kern County Public Works Department estimates the on-going fiscal impact of AB 1250 would be \$7.3 million to hire the necessary staff and complete the mandatory reviews for the county and their contractors. In public safety, the Kern County Sheriff's Office estimates an on-going fiscal impact of \$755,000 for compliance.

Litigation and Administrative Burdens Related to Personal Information

Counties are deeply concerned that making private employee data subject to the California Public Records Act, in which any person from any county, state or country can obtain access, will drain county resources. First, it will invite a new wave of data mining like was seen with public employee salary and pension information that will bog down county departments. California's local agencies do not have cost recovery provisions associated with PRA under Proposition 42 (2014), save for document duplication fees. All costs are placed squarely on the shoulders of the county.

Second, it disregards constitutional privacy rights by requiring the publication of personal financial information about private employees. Information about total rates charged by an individual hired through a contract may be included in a contract subject to the PRA, since it can be relevant to the consideration or ultimate award of the contract. However, AB 1250 sets forth an intrusive requirement that offers no benefit to the public and will discourage contracting with counties, thereby reducing competition and driving up costs yet again.

Implementation Issues under AB 1250

AB 1250 suffers from imprecise language, undefined terms, and erroneous cross-references that will make implementation exceedingly difficult and could invite further litigation about contract awarding. Even with corrections to drafting, services will suffer due to delays in contracts being awarded and subsequently renewed following the initial analysis and later performance assessment and cost savings audits.

AB 1250 largely ignores the timing it often takes to place an item before the Board of Supervisors. If a one year contract could be extended, audits would likely begin after just six months to ensure they are

completed in time to avoid service interruptions. The necessary time internal auditors would need to complete the audits for all of the county contracts would create a backlog, unless external services were hired to assist. Of course, those same contracted auditors needed would themselves be subject to the provisions of AB 1250.

In closing, we must stress the very dangerous reality AB 1250 sets forth for counties and the very dangerous precedent it establishes for other public agencies. AB 1250 will not improve services, reduce costs, or protect employees. Counties are not exaggerating when they say services will decrease or simply get cut, either where AB 1250 would be directly applied or in other program areas so that critical local programs and the most basic county administrative functions may continue.

We are unaware of a specific, current problem that AB 1250 would resolve or prevent. We are very much aware, however, of the very real harm AB 1250 would cause the residents of California. For the aforementioned reasons, we oppose AB 1250. If you should have any questions regarding our position, please contact Dorothy Johnson with CSAC at (916) 650-8133; Jolena Voorhis with UCC at (916) 327-7531; Paul A. Smith with RCRC at (916) 447-4806; or Faith Lane with CAJPA at (916) 441-5050.

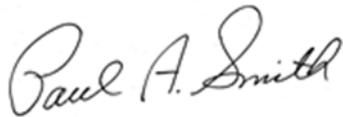
Sincerely,



Dorothy Johnson, Legislative Representative
California State Association of Counties



Jolena L. Voorhis, Executive Director
Urban Counties of California



Paul A. Smith, Vice President of Government Affairs
Rural County Representatives of California
Authorities



Faith Lane, Legislative Advocate
California Association of Joint Powers

cc: The Honorable Reggie Jones-Sawyer, California State Assembly
The Honorable Lorena Gonzalez Fletcher, California State Assembly
The Honorable Rob Bonta, California State Assembly
Honorable Members, Senate Appropriations Committee
Mark McKenzie, Consultant, Senate Appropriations Committee
Senate Republican Fiscal Office
Tom Dyer, Chief Deputy Legislative Secretary, Office of Governor Brown