



LegiFAX

May 3, 2017

**AB 1250 (Jones-Sawyer) – Counties and Cities:
Contracts for Personal Services
OPPOSE**
(as amended 4/25/17)

The City of Lakewood opposes Assembly Bill 1250, which is currently pending in the Assembly Appropriations Committee.

The City of Lakewood is a pioneer in service provision, becoming the first city in the nation to contract for all of its municipal services when the city incorporated as a municipality in 1954. This contract system, known as the "Lakewood Plan," eliminated duplications and overlapping and fulfilled the promise to maintain a high level of community services for 60 years. The Lakewood Plan has been successfully adopted by hundreds of other cities across the country.

As amended, AB 1250 will place substantial burdens on our operations and severely infringe on local control over local affairs, to the point that it amounts to a de facto ban on the entire contract city model.

We oppose the bill due to the following reasons:

- AB 1250 still 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 creates significant cost and logistical concerns.
- The measure would require a city to create a new, fully searchable database that must be posted on the city website which includes:
 - The names, job titles, salary of each contracted employee (and subcontractors).
 - The services of the contract, the name of the agency department or division of the city who manages the contract.
 - The amount paid to the contract including the total projected cost of the contract for all fiscal years and the funding source.
 - The total number of "full time equivalent" employees being contracted out.

There is no direction in the measure on who must update this information or how often this information must be updated; this in itself will create significant costs in staff time and increased workload. Apart from the inherent cost drivers with this provision, we are concerned with privacy and the liability issues about posting full names, job titles and salaries of non-city employees.

- This bill would require a city, before entering a contract or renewing a contract, to perform a full cost-benefit analysis which include the potential impacts of outsourcing, including the impact on local businesses if consumer spending power is reduced (among other factors). AB 1250 also mandates a city 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.

Although language was taken to pass the cost to the potential contractor and/or the awarded contractor, local agencies believe that companies will simply build in these additional costs into their contracts which yields the same result as if the City simply pays for the cost-benefit analysis. Moreover, it is unclear how a local agency could even assess the cost of the cost-benefit analysis to a prospective contractor. This would only create further confusions and create a chilling effect on prospective contractors from bidding for a service.

The contract city model has allowed cities to provide quality services to residents without adding to their already-significant tax burdens for decades. Recent state mandates and uncertainty in the economy have led to substantial budget constraints and the need for flexibility in local governance in order to maintain cities' financial health. By massively limiting the circumstances under which a city can contract for services and creating onerous new financial burdens on cities which do so, AB 1250 puts the entire contract city model—a model that has worked well for 60 years—in jeopardy.

For the above reasons, the City of Lakewood opposes AB 1250.

Mayor Diane DuBois
On behalf of the Lakewood City Council