



AB 1250 (JONES-SAWYER) / COUNTIES: CONTRACTS

Guest Commentary. *By: Clare Gibson, an attorney at Jarvis, Fay, Oporto & Gibson, LLP*

Following strong opposition from a state-wide coalition of over 500 public and private entities, including MuniServices, AB 1250 (Jones-Sawyer), a bill to restrict county contracts for personal services, never made it to the Governor's desk in 2017. Instead, it was referred to the Senate Rules Committee. AB 1250 is down, but not out. Potential restrictions on service contracts remain a critical issue for counties, and potentially for cities and other local agencies. AB 1250 will impose complex and burdensome restrictions and requirements that are both unprecedented under and inconsistent with established law.

Counties and other public agencies *should* contract out for certain services. Service contracts are essential to prudent management of public funds, and to provide levels and types of public services that cannot be provided by regular employees. That includes services that 1) require special expertise and training; 2) are too limited to support permanent staffing; or 3) can be provided more cost-effectively by outside contractors.

Providing services for public health, safety, and welfare is the core mission of local governments. Service contracts are an essential tool for cost-efficient delivery of public services. AB 1250 will undermine that core mission by forcing counties to increase funding for permanent staff, reduce public services, or both. Although the bill purports to promote cost savings, the intentionally burdensome procurement procedures will increase the cost for public services. For example, the bill's procedures for a routine, limited professional service contract are substantially more complex and costly than bidding requirements for a multi-million-dollar infrastructure project.

Counties and other agencies are already burdened with escalating pension costs. It is estimated that pension costs currently consume between one-third to two-thirds of local agency and state budgets. The pension crisis already threatens to bankrupt counties and other local agencies. If a county cannot afford to contract out nor to increase its pension debt, it will be forced to reduce public services. Local communities and taxpayers will bear the burden of higher costs and reduced services. And AB 1250 will have a disparate impact on poor and rural communities with more limited financial and workforce resources.

AB 1250 will also generate costly lawsuits because it is riddled with ambiguities and inconsistencies with established law. It will require years of costly litigation, at the public expense, to address these structural defects.

This bill will establish dangerous precedence. Cities were successfully amended out of AB 1250, but future amendments to AB 1250 or related bills could include municipal service contracts. In addition, cities will likely bear the burden of compensating for reductions in county services. AB 1250 will increase taxpayer costs and undercut delivery of public services with no offsetting benefit to the public. All local agencies and stakeholders should continue to oppose this and similar bills to restrict long-established authority to use service contracts, in addition to permanent staff, to deliver core public services.

MuniServices retained the expertise of Ms. Clare Gibson an attorney at Jarvis, Fay, Oporto & Gibson, LLP, who specializes in public contract and procurement law for California cities and local agencies, to help guide the firm's advocacy efforts in opposing AB 1250. Ms. Gibson can be reached at (510) 238-1400 or via email at cgibson@jarvisfay.com.

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