

ASSEMBLY FLOOR ALERT

ASSEMBLY BILL 1250 – OPPOSE

Counties and Cities: Contracts for Personal Services

AB 1250 sets forth conditions when cities and counties contract for personal services. There is no precedent in California law for the scope and scale of the complex procurement requirements that would be imposed on even minor consulting agreements under AB 1250. *These **unprecedented requirements** substantially exceed even the requirements for awarding major public works contracts.*

AB 1250 WILL INCREASE COSTS FOR CITY SERVICES

AB 1250 purports to require a city to demonstrate “overall cost savings” before awarding a service contract. But its mandates will tip the scales to disfavor service contracts - regardless of the actual cost impact or local needs. The requirements for a short-term service agreement with a financial advisor or environmental consultant will be substantially costlier and more demanding than current requirements for contracts to design or construct major infrastructure projects.

CITIES WILL BE FORCED TO REDUCE SERVICE LEVELS TO OFFSET INCREASED PENSION AND BENEFIT COSTS

Cities are already struggling with escalating pension costs, and many are reducing services, including public safety, just to remain solvent. By forcing cities to choose between higher costs for service contracts or increasing costs for permanent staff, this bill will make matters worse.

COMMUNITIES WILL SUFFER FROM SERVICE REDUCTIONS

Cities have historically contracted out for services that cannot be provided by city staff, including legal, financial, and planning services. Approximately 80% of California cities contract out for city attorney services. Service contracts are particularly critical for small and rural cities which cannot staff full-time employees for all city services. AB 1250 will obstruct delivery of city services, with a disproportionate impact on small and rural communities.

AB 1250 IS INCONSISTENT WITH ESTABLISHED LAW AND MAY VIOLATE CONSTITUTIONAL PRIVACY GUARANTEES

The requirements mandated by this bill differ in nature and scope from any existing service procurement requirements in the state. *AB 1250 is inconsistent with longstanding Government Code sections 37103 and 53060, which provide broad authorization for cities to contract for specialized services.* It contravenes constitutional privacy rights by requiring publication of financial information about private individuals.

CITIES AND COURTS WILL BE BURDENED BY LITIGATION

AB 1250 is certain to invite disputes and litigation, including constitutional challenges, because its core provisions are open to conflicting interpretations. For example, it applies to “personal services contracts,” but provides no definition for this term. There is no objective basis to determine which contracts are “customarily performed by city employees,” or even which are the “same services,” given degrees of specialization. It will be left to the courts to untangle the many ambiguities, imposing new burdens on the court system. Meanwhile, cities will not have certainty about the scope of this bill and will have the added burden of litigation costs.

AB 1250 WILL HURT LOCAL BUSINESSES

By obstructing service contracts, AB 1250 will hurt local businesses that depend on city contracts. Even for contracts that can clear the bill’s hurdles, the intrusive requirements for publishing private financial information and the threat of litigation will discourage many qualified professionals from considering future city contracts.

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