

COUNTY OF NEVADA
STATE OF CALIFORNIA
BOARD OF SUPERVISORS



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June 8, 2017

Honorable Board of Supervisors
Eric Rood Administrative Center
950 Maidu Avenue
Nevada City, CA 95959

DATE OF MEETING: June 13, 2017

SUBJECT: Letter of Opposition to AB 1250 (Jones-Sawyer)

RECOMMENDATION: Authorize the Chair to sign and submit Letters of Opposition to the applicable Senate Committee Chair as of June 13, 2017 and to Governor Brown.

FUNDING: Not Applicable

BACKGROUND:

On February 17, 2017, Assembly Bill (AB) 1250, an act to amend Sections 31000.10 and 37103.1 to the Government Code, relating to local government, was introduced in the California Assembly. After several amendments, on June 1, 2017, AB 1250 was passed in the Assembly and on June 5, 2017 was read in the Senate for the first time and currently has been sent to the Senate Committee on Rules for assignment.

AB 1250 imposes several new requirements on certain County contracts, and with some specific exceptions applies to all contracts "currently or customarily performed by the employees of a county" entered into, renewed, or extended on or after January 1, 2018. The new requirements will likely lead to significant increases in costs for the County, and puts additional burdens on contractors which would likely reduce the number of contractors willing to partner with the County. For example, all contracts, including renewals and extensions, must be awarded through a publicized, competitive bidding process. For contracts over \$100,000 annually, the County will be required to carry out performance and fiscal audits on the contractor, of which the contractor would be required to reimburse the County for the cost of the audit.

Additionally, various restrictions imposed on contractors could also have a negative impact on the County's ability to recruit adequate contracts. For example, in the case of

contracts larger than \$100,000 annually, the County would be required to perform both performance standard audits and financial audits prior to any contract extension or renewal. Contractors would also be required to reimburse the County for the cost of the savings audit out of pocket, as the legislature prohibits contractors from factoring the costs of the audit into the contract terms with the County. Contractors would also be obligated to provide the names and hourly rates of all employees and their hourly rates to counties on a monthly basis, not including several other data sharing requirements which would be subject to the Public Records Act.

Because AB 1250 will impose significant restrictions and requirements on the County's ability to enter into personal service contracts, AB 1250 would impact various County departments, including but not limited to the Planning Department, Information and General Services (IGS), Health and Human Services Agency (HHS) and other legal and administrative County divisions. To help the Board have a better overall understanding of the potential scope of impact from AB 1250, the County currently has 425 contracts with the price tag of approximately \$33 million. As such, it could cost the County roughly 1.9 million alone just to implement the evaluation of cost efficiency for the County's contracts. This would not include any costs for increasing Full Time Equivalent (FTEs) currently covered under the contracts which would impact a) the County's efforts to mitigate unfunded liability for pension obligations over time and b) a potential reduction of service delivery.

In opposition of the bill, the California State Association of Counties (CSAC), the Urban Counties of California (UCC), the Rural Representatives of California (RCRC) and the California Association of Joint Powers Authorities (CAJPA) submitted a joint Letter of Opposition to the Assembly Committee on Appropriations on May 5, 2017.

In summary, the author of AB 1250 claims that it will bring greater transparency to local government, through the imposition of another layer of bureaucracy and administrative red tape on the County's ability to partner with community service providers. The requirements and burdens imposed by AB 1250 would likely reduce and eliminate some of the most effective and beneficial services currently provided to our residents through contract service providers.

As such, I respectfully request the Board of Supervisors to authorize the Chair to sign and submit Letters of Opposition to AB 1250 to the Chair of the applicable Senate Committee as of June 13, 2017 and to the Honorable Governor Jerry Brown.

Respectfully submitted,

Hank Weston,
Supervisor, District IV