

AMENDED IN ASSEMBLY MAY 30, 2017  
AMENDED IN ASSEMBLY MAY 30, 2017  
AMENDED IN ASSEMBLY APRIL 25, 2017  
AMENDED IN ASSEMBLY APRIL 17, 2017  
AMENDED IN ASSEMBLY APRIL 4, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1250**

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**Introduced by Assembly Member Jones-Sawyer  
(Coauthor: Assembly Member Gonzalez Fletcher)**

February 17, 2017

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An act to add Sections 31000.10 and 37103.1 to the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 1250, as amended, Jones-Sawyer. Counties and cities: contracts for personal services.

Existing law authorizes the board of supervisors of a county to contract for special services on behalf of various public entities with persons who are specially trained, experienced, expert, and competent to perform the special services, as prescribed. These services include financial, economic, accounting, engineering, legal, and other specified services. Existing law also authorizes legislative bodies of cities to contract with any specially trained and experienced person, firm, or corporation for special services and advice in financial, economic, accounting, engineering, legal, or administrative matters.

This bill would establish specific standards for the use of personal services contracts by counties and cities. Beginning January 1, 2018, the bill would allow a county or county agency, or a city or city agency, to contract for personal services currently or customarily performed by employees, as applicable, when specified conditions are met. Among other things, the bill would require the county or city to clearly demonstrate that the proposed contract will result in actual overall costs savings to the county or city and also to show that the contract does not cause the displacement of county or city workers. The bill would require a contract entered into under these provisions to specify that it may be terminated upon material breach, if notice is provided, as specified. Additionally, the bill would require the county or city to conduct an audit of the contract to determine whether cost savings have been realized and would require the contractor to reimburse the cost of the audit. The bill would impose additional disclosure requirements for contracts exceeding \$100,000 annually. The bill would exempt certain types of contracts from its provisions, and would exempt a ~~chapter~~ *charter* city from its provisions. By placing new duties on local government agencies, the bill would impose a state-mandated local program.

The bill also would provide that its provisions are severable.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 31000.10 is added to the Government
- 2 Code, to read:
- 3 31000.10. The purpose of this section is to establish standards
- 4 for the use of personal services contracts by counties.
- 5 (a) If otherwise permitted by law, a county or county agency
- 6 may contract for personal services currently or customarily

1 performed by ~~county~~ *that county's* employees when all the  
2 following conditions are met:

3 (1) The board of supervisors or county agency clearly  
4 demonstrates that the proposed contract will result in actual overall  
5 cost savings to the county for the duration of the entire contract  
6 as compared with the county's actual costs of providing the same  
7 services, provided that:

8 (A) In comparing costs, there shall be included the county's  
9 additional cost of providing the same service as proposed by a  
10 contractor. These additional costs shall include the salaries and  
11 benefits of additional staff that would be needed and the cost of  
12 additional space, equipment, and materials needed to perform the  
13 function.

14 (B) In comparing costs, there shall not be included the county's  
15 indirect overhead costs unless these costs can be attributed solely  
16 to the function in question and would not exist if that function was  
17 not performed in county service. Indirect overhead costs shall  
18 mean the pro rata share of existing administrative salaries and  
19 benefits, rent, equipment costs, utilities, and materials.

20 (C) In comparing costs, there shall be included in the cost of a  
21 contractor providing a service any continuing county costs that  
22 would be directly associated with the contracted function. These  
23 continuing county costs shall include, but not be limited to, those  
24 for inspection, supervision, and monitoring.

25 (2) Proposals to contract out work shall not be approved solely  
26 on the basis that savings will result from lower contractor pay rates  
27 or benefits. Proposals to contract out work shall be eligible for  
28 approval if the contractor's wages are at the industry's level and  
29 do not significantly undercut county pay rates.

30 (3) The contract does not cause the displacement of county  
31 employees. "Displacement" includes layoff, demotion, involuntary  
32 transfer to a new class, involuntary transfer to a new location  
33 requiring a change of residence, and time base reductions.  
34 "Displacement" does not include changes in shifts or days off or  
35 reassignment to other positions within the same class and general  
36 location.

37 (4) The contract does not cause vacant positions in county  
38 employment to remain unfilled.

39 (5) The contract does not adversely affect any of the county's  
40 nondiscrimination, affirmative action efforts.

- 1 (6) The savings shall be large enough to ensure that they will  
2 not be eliminated by private sector and county cost fluctuations  
3 that could normally be expected during the contracting period.
- 4 (7) The amount of savings clearly justifies the size and duration  
5 of the contracting agreement.
- 6 (8) The contract is awarded through a publicized, competitive  
7 bidding process. The county shall reserve the right to reject any  
8 and all bids or proposals.
- 9 (9) The contract includes specific provisions pertaining to the  
10 qualifications of the staff that will perform the work under the  
11 contract, as well as assurance that the contractor’s hiring practices  
12 meet any applicable nondiscrimination, affirmative action  
13 standards.
- 14 (10) The potential for future economic risk to the county from  
15 potential contractor rate increases is minimal.
- 16 (11) The contract is with a firm. “Firm” means a corporation,  
17 partnership, nonprofit organization, or sole proprietorship.
- 18 (12) The potential economic advantage of contracting is not  
19 outweighed by the public’s interest in having a particular function  
20 performed directly by county government.
- 21 (13) The contract shall provide that it may be terminated at any  
22 time by the county without penalty if there is a material breach of  
23 the contract and notice is provided at least 30 days before  
24 termination.
- 25 (14) If the contract is for personal services in excess of one  
26 hundred thousand dollars (\$100,000) annually, all of the following  
27 shall occur:
- 28 (A) The county shall require the contractor to disclose all of the  
29 following information as part of its bid, application, or answer to  
30 a request for proposal:
- 31 (i) A description of all charges, claims, or complaints filed  
32 against the contractor with any federal, state, or local administrative  
33 agency during the prior 10 years.
- 34 (ii) A description of all civil complaints filed against the  
35 contractor in any state or federal court during the prior 10 years.
- 36 (iii) A description of all state or federal criminal complaints or  
37 indictments filed against the contractor, or any of its officers,  
38 directors, or managers, at any time.
- 39 (iv) A description of any debarments of the contractor by any  
40 public agency or licensing body at any time.

1 (v) The total compensation, including salaries and benefits, the  
2 contractor provides to workers performing work similar to that to  
3 be provided under the contract.

4 (vi) The total compensation, including salaries, benefits, options,  
5 and any other form of compensation, provided to the five highest  
6 compensated officers, directors, executives, or employees of the  
7 contractor.

8 (vii) Any other information the county deems necessary to  
9 ensure compliance with this section.

10 (B) The contract shall provide that the county is entitled to  
11 receive a copy of any records related to the contractor's or any  
12 subcontractor's performance of the contract, and that, in addition  
13 to records specifically requested by the county, every month the  
14 contractor shall furnish the county with: (i) the names of any  
15 subcontractors providing services under the contract; (ii) the names  
16 of the employees of the contractor and any subcontractors  
17 providing services pursuant to the contract and their hourly rates;  
18 and (iii) the names of any workers providing services pursuant to  
19 the contract as independent contractors and the compensation rates  
20 for those workers. The contract shall provide that all records  
21 provided to the county by the contractor shall be subject to the  
22 California Public Records Act (Chapter 3.5 (commencing with  
23 Section 6250) of Division 7 of Title 1). In furtherance of this  
24 subdivision, contractors and any subcontractors shall maintain  
25 records related to performance of the contract that ordinarily would  
26 be maintained by the county in performing the same functions.

27 (C) The county shall include in the contract specific, measurable  
28 performance standards and provisions for a performance audit by  
29 the county, or an independent auditor approved by the county, to  
30 determine whether the performance standards are being met and  
31 whether the contractor is in compliance with applicable laws and  
32 regulations. The county shall not renew or extend the contract prior  
33 to receiving and considering the audit report.

34 (D) The contract shall include provisions for an audit by the  
35 county, or an independent auditor approved by the county, to  
36 determine whether and to what extent the anticipated cost savings  
37 have actually been realized. The county shall not renew or extend  
38 the contract before receiving and considering the audit report. The  
39 contractor shall reimburse the county for the cost of the audit.

1 Contractors shall be prohibited from factoring the costs of the audit  
2 into the contract costs with the county.

3 (b) This section does not preclude a county from adopting more  
4 restrictive rules regarding the contracting of public services.

5 (c) When otherwise permitted by law, the absence of any  
6 requirement of subdivision (a) shall not prevent personal services  
7 contracting when any of the following conditions are met:

8 (1) The contract is for a new county function and the Legislature  
9 has specifically mandated or authorized the performance of the  
10 work by independent contractors.

11 (2) The contract is between the county and another government  
12 entity for services to be performed by employees of the other  
13 government entity.

14 (3) The services contracted cannot be performed satisfactorily  
15 by county employees, or are of such a highly specialized or  
16 technical nature that the necessary expert knowledge, experience,  
17 and ability are not available among county employees.

18 (4) The services are incidental to a contract for the purchase or  
19 lease of real or personal property. Contracts under this criterion,  
20 known as “service agreements,” shall include, but not be limited  
21 to, agreements to service or maintain office equipment or  
22 computers that are leased or rented.

23 (5) The legislative, administrative, or legal goals and purposes  
24 cannot be accomplished through the utilization of county  
25 employees. Contracts are permissible under this criterion to protect  
26 against a conflict of interest or to ensure independent and unbiased  
27 findings in cases where there is a clear need for a different, outside  
28 perspective. These contracts shall include, but not be limited to,  
29 obtaining expert witnesses in litigation.

30 (6) The nature of the work is such that the standards of this part  
31 for emergency appointments apply. These contracts shall conform  
32 with Section 31000.4.

33 (7) Public entities or officials need private counsel because a  
34 conflict of interest on the part of the county counsel’s office  
35 prevents it from representing the public entity or official without  
36 compromising its position. These contracts shall require the written  
37 consent of the county counsel.

38 (8) The contractor will provide legal services to the county  
39 solely on a contingency fee basis.

1 (9) The contractor will provide equipment, materials, facilities,  
2 or support services that could not feasibly be provided by the  
3 county in the location where the services are to be performed.

4 (10) The contractor will conduct training courses for which  
5 appropriately qualified county employee instructors are not  
6 available, provided that permanent instructor positions in academies  
7 or similar settings shall be filled by county employees.

8 (11) The services are of such an urgent, temporary, or occasional  
9 nature that the delay incumbent in their implementation by county  
10 employees would frustrate their very purpose.

11 (d) This section shall apply to all counties, including counties  
12 that have adopted a merit or civil service system.

13 ~~(e) (1) This section does not apply to any contract for services~~  
14 ~~described in Section 4525 or 4529.10.~~

15 ~~(2) This section does not apply to any contract that is subject~~  
16 ~~to Chapter 1 (commencing with Section 1720) of Part 7 of Division~~  
17 ~~2 of the Labor Code.~~

18 ~~(3) This section does not apply to a contract for public transit~~  
19 ~~services, including paratransit services, if the county's transit~~  
20 ~~services are fully funded by Federal Transit Administration~~  
21 ~~assistance and the county is thereby subject to the guidelines~~  
22 ~~established in FTA Circular 4220.1F or any subsequent guidelines~~  
23 ~~or revisions issued by the Federal Transit Administration.~~

24 *(e) This section does not apply to any of the following contracts:*

25 *(1) A contract for services described in Section 4525 or 4529.10.*

26 *(2) A contract that is subject to Chapter 1 (commencing with*  
27 *Section 1720) of Part 7 of Division 2 of the Labor Code.*

28 *(3) A contract for public transit services, including paratransit*  
29 *services, if the county's transit services are fully funded by Federal*  
30 *Transit Administration assistance and the county is thereby subject*  
31 *to the guidelines established in FTA Circular 4220.1F or any*  
32 *subsequent guidelines or revisions issued by the Federal Transit*  
33 *Administration.*

34 *(4) A contract for street sweeping services.*

35 *(5) A contract for solid waste handling services authorized by*  
36 *or made pursuant to Section 40059 of the Public Resources Code.*  
37 *As used in this paragraph, "solid waste handling services" means*  
38 *the collection, transportation, storage, transfer, conversion,*  
39 *processing, recycling, composting, or disposal of solid wastes.*

1 (f) This section shall not be construed to authorize or otherwise  
 2 permit the contracting out of fire protection services, other than  
 3 the contracts between public agencies that are explicitly authorized  
 4 by Chapter 4 (commencing with Section 55600) of Part 2 of  
 5 Division 2 of Title 5 of this code or by Article 4 (commencing  
 6 with Section 4141) of Chapter 1 of Part 2 of Division 4 of the  
 7 Public Resources Code.

8 (g) This section shall apply to contracts for personal services  
 9 currently or customarily performed by ~~county employees~~ *the*  
 10 *employees of a county* entered into, renewed, or extended on or  
 11 after January 1, 2018.

12 SEC. 2. Section 37103.1 is added to the Government Code, to  
 13 read:

14 37103.1. The purpose of this section is to establish standards  
 15 for the use of personal services contracts by cities.

16 (a) If otherwise permitted by law, a city or city agency may  
 17 contract for personal services currently or customarily performed  
 18 by ~~city~~ *that city's* employees when all the following conditions  
 19 are met:

20 (1) The city council or city agency clearly demonstrates that  
 21 the proposed contract will result in actual overall cost savings to  
 22 the city for the duration of the entire contract as compared with  
 23 the city's actual costs of providing the same services, provided  
 24 that:

25 (A) In comparing costs, there shall be included the city's  
 26 additional cost of providing the same service as proposed by a  
 27 contractor. These additional costs shall include the salaries and  
 28 benefits of additional staff that would be needed and the cost of  
 29 additional space, equipment, and materials needed to perform the  
 30 function.

31 (B) In comparing costs, there shall not be included the city's  
 32 indirect overhead costs unless these costs can be attributed solely  
 33 to the function in question and would not exist if that function was  
 34 not performed in city service. Indirect overhead costs shall mean  
 35 the pro rata share of existing administrative salaries and benefits,  
 36 rent, equipment costs, utilities, and materials.

37 (C) In comparing costs, there shall be included in the cost of a  
 38 contractor providing a service any continuing city costs that would  
 39 be directly associated with the contracted function. These



1 continuing city costs shall include, but not be limited to, those for  
2 inspection, supervision, and monitoring.

3 (2) Proposals to contract out work shall not be approved solely  
4 on the basis that savings will result from lower contractor pay rates  
5 or benefits. Proposals to contract out work shall be eligible for  
6 approval if the contractor's wages are at the industry's level and  
7 do not significantly undercut city pay rates.

8 (3) The contract does not cause the displacement of city  
9 employees. "Displacement" includes layoff, demotion, involuntary  
10 transfer to a new class, involuntary transfer to a new location  
11 requiring a change of residence, and time base reductions.  
12 "Displacement" does not include changes in shifts or days off or  
13 reassignment to other positions within the same class and general  
14 location.

15 (4) The contract does not cause vacant positions in city  
16 employment to remain unfilled.

17 (5) The contract does not adversely affect any of the city's  
18 nondiscrimination, affirmative action efforts.

19 (6) The savings shall be large enough to ensure that they will  
20 not be eliminated by private sector and city cost fluctuations that  
21 could normally be expected during the contracting period.

22 (7) The amount of savings clearly justifies the size and duration  
23 of the contracting agreement.

24 (8) The contract is awarded through a publicized, competitive  
25 bidding process. The city shall reserve the right to reject any and  
26 all bids or proposals.

27 (9) The contract includes specific provisions pertaining to the  
28 qualifications of the staff that will perform the work under the  
29 contract, as well as assurance that the contractor's hiring practices  
30 meet any applicable nondiscrimination, affirmative action  
31 standards.

32 (10) The potential for future economic risk to the city from  
33 potential contractor rate increases is minimal.

34 (11) The contract is with a firm. "Firm" means a corporation,  
35 partnership, nonprofit organization, or sole proprietorship.

36 (12) The potential economic advantage of contracting is not  
37 outweighed by the public's interest in having a particular function  
38 performed directly by city government.

1 (13) The contract shall provide that it may be terminated at any  
2 time by the city without penalty if there is a material breach of the  
3 contract and notice is provided at least 30 days before termination.

4 (14) If the contract is for personal services in excess of one  
5 hundred thousand dollars (\$100,000) annually, all of the following  
6 shall occur:

7 (A) The city shall require the contractor to disclose all of the  
8 following information as part of its bid, application, or answer to  
9 a request for proposal:

10 (i) A description of all charges, claims, or complaints filed  
11 against the contractor with any federal, state, or local administrative  
12 agency during the prior 10 years.

13 (ii) A description of all civil complaints filed against the  
14 contractor in any state or federal court during the prior 10 years.

15 (iii) A description of all state or federal criminal complaints or  
16 indictments filed against the contractor, or any of its officers,  
17 directors, or managers, at any time.

18 (iv) A description of any debarments of the contractor by any  
19 public agency or licensing body at any time.

20 (v) The total compensation, including salaries and benefits, the  
21 contractor provides to workers performing work similar to that to  
22 be provided under the contract.

23 (vi) The total compensation, including salaries, benefits, options,  
24 and any other form of compensation, provided to the five highest  
25 compensated officers, directors, executives, or employees of the  
26 contractor.

27 (vii) Any other information the city deems necessary to ensure  
28 compliance with this section.

29 (B) The contract shall provide that the city is entitled to receive  
30 a copy of any records related to the contractor's or any  
31 subcontractor's performance of the contract, and that, in addition  
32 to records specifically requested by the city, every month the  
33 contractor shall furnish the county with: (i) the names of any  
34 subcontractors providing services under the contract; (ii) the names  
35 of the employees of the contractor and any subcontractors  
36 providing services pursuant to the contract and their hourly rates;  
37 and (iii) the names of any workers providing services pursuant to  
38 the contract as independent contractors and the compensation rates  
39 for those workers. The contract shall provide that all records  
40 provided to the city by the contractor shall be subject to the

1 California Public Records Act (Chapter 3.5 (commencing with  
2 Section 6250) of Division 7 of Title 1). In furtherance of this  
3 subdivision, contractors and any subcontractors shall maintain  
4 records related to performance of the contract that ordinarily would  
5 be maintained by the city in performing the same functions.

6 (C) (1) The city shall include in the contract specific,  
7 measurable performance standards and provisions for a  
8 performance audit by the city, or an independent auditor approved  
9 by the city, to determine whether the performance standards are  
10 being met and whether the contractor is in compliance with  
11 applicable laws and regulations. The legislative body shall not  
12 renew or extend the contract prior to receiving and considering  
13 the audit report.

14 (2) The contractor shall reimburse the city for the cost of the  
15 audit.

16 (D) The contract shall include provisions for an audit by the  
17 city, or an independent auditor approved by the city, to determine  
18 whether and to what extent the anticipated cost savings have  
19 actually been realized. The city shall not renew or extend the  
20 contract before receiving and considering the audit report. The  
21 contractor shall reimburse the city for the cost of the audit.  
22 Contractors shall be prohibited from factoring the costs of the audit  
23 into their contract costs with the city.

24 (b) This section does not preclude a city from adopting more  
25 restrictive rules regarding the contracting of public services.

26 (c) When otherwise permitted by law, the absence of any  
27 requirement of subdivision (a) shall not prevent personal services  
28 contracting when any of the following conditions are met:

29 (1) The contract is for a new city function and the Legislature  
30 has specifically mandated or authorized the performance of the  
31 work by independent contractors.

32 (2) The contract is between a city and other government entity  
33 for services to be performed by employees of the other government  
34 entity.

35 (3) The services contracted cannot be performed satisfactorily  
36 by city employees, or are of such a highly specialized or technical  
37 nature that the necessary expert knowledge, experience, and ability  
38 are not available among city employees.

39 (4) The services are incidental to a contract for the purchase or  
40 lease of real or personal property. Contracts under this criterion,

1 known as “service agreements,” shall include, but not be limited  
2 to, agreements to service or maintain office equipment or  
3 computers that are leased or rented.

4 (5) The legislative, administrative, or legal goals and purposes  
5 cannot be accomplished through the utilization of city employees.  
6 Contracts are permissible under this criterion to protect against a  
7 conflict of interest or to ensure independent and unbiased findings  
8 in cases where there is a clear need for a different, outside  
9 perspective. These contracts shall include, but not be limited to,  
10 obtaining expert witnesses in litigation.

11 (6) The nature of the work is such that the standards of this title  
12 for emergency appointments apply. These contracts shall conform  
13 with Section 45080.

14 (7) Public entities or officials need private counsel because a  
15 conflict of interest on the part of the city attorney’s office prevents  
16 it from representing the public entity or official without  
17 compromising its position. These contracts shall require the written  
18 consent of the city attorney.

19 (8) The contract will provide legal services to the city solely on  
20 a contingency fee basis.

21 (9) The contractor will provide equipment, materials, facilities,  
22 or support services that could not feasibly be provided by the city  
23 in the location where the services are to be performed.

24 (10) The contractor will conduct training courses for which  
25 appropriately qualified city employee instructors are not available,  
26 provided that permanent instructor positions in academies or similar  
27 settings shall be filled by city employees.

28 (11) The services are of such an urgent, temporary, or occasional  
29 nature that the delay incumbent in their implementation by city  
30 employees would frustrate their very purpose.

31 (d) (1) Except as provided in paragraph (2), this section shall  
32 apply to all cities, including cities that have adopted a merit or  
33 civil service system.

34 (2) This section does not apply to a charter city formed pursuant  
35 to Section 3 of Article XI of the California Constitution.

36 ~~(e) (1) This section does not apply to any contract for services~~  
37 ~~described in Section 4525 or 4529.10.~~

38 ~~(2) This section does not apply to any contract that is subject~~  
39 ~~to Chapter 1 (commencing with Section 1720) of Part 7 of Division~~  
40 ~~2 of the Labor Code.~~

1 ~~(3) This section does not apply to a contract for public transit~~  
2 ~~services, including paratransit services, if the county's transit~~  
3 ~~services are fully funded by Federal Transit Administration~~  
4 ~~assistance and the county is thereby subject to the guidelines~~  
5 ~~established in FTA Circular 4220.1F or any subsequent guidelines~~  
6 ~~or revisions issued by the Federal Transit Administration.~~

7 *(e) This section does not apply to any of the following contracts:*

8 *(1) A contract for services described in Section 4525 or 4529.10.*

9 *(2) A contract that is subject to Chapter 1 (commencing with*  
10 *Section 1720) of Part 7 of Division 2 of the Labor Code.*

11 *(3) A contract for public transit services, including paratransit*  
12 *services, if the city's transit services are fully funded by Federal*  
13 *Transit Administration assistance and the city is thereby subject*  
14 *to the guidelines established in FTA Circular 4220.1F or any*  
15 *subsequent guidelines or revisions issued by the Federal Transit*  
16 *Administration.*

17 *(4) A contract for street sweeping services.*

18 *(5) A contract for solid waste handling services authorized by*  
19 *or made pursuant to Section 40059 of the Public Resources Code.*  
20 *As used in this paragraph, "solid waste handling services" means*  
21 *the collection, transportation, storage, transfer, conversion,*  
22 *processing, recycling, composting, or disposal of solid wastes.*

23 *(f) This section shall not be construed to authorize or otherwise*  
24 *permit the contracting out of fire protection services other than the*  
25 *contracts between public agencies that are explicitly authorized*  
26 *by Chapter 4 (commencing with Section 55600) of Part 2 of*  
27 *Division 2 of Title 5 of this code or by Article 4 (commencing*  
28 *with Section 4141) of Chapter 1 of Part 2 of Division 4 of the*  
29 *Public Resources Code.*

30 *(g) This section shall apply to contracts for personal services*  
31 *currently or customarily performed by city employees entered into,*  
32 *renewed, or extended on or after January 1, 2018: not apply to the*  
33 *renewal of existing contracts or awards of contracts to perform*  
34 *the same services as other contractors, if those contracts cause*  
35 *neither the displacement of city employees nor the reduction of*  
36 *city employee positions.*

37 SEC. 3. The provisions of this act are severable. If any  
38 provision of this act or its application is held invalid, that invalidity  
39 shall not affect other provisions or applications that can be given  
40 effect without the invalid provision or application.

1     SEC. 4. If the Commission on State Mandates determines that  
2 this act contains costs mandated by the state, reimbursement to  
3 local agencies and school districts for those costs shall be made  
4 pursuant to Part 7 (commencing with Section 17500) of Division  
5 4 of Title 2 of the Government Code.

O