



**CITY OF SANTA CLARITA
AGENDA REPORT**

CONSENT CALENDAR

CITY MANAGER APPROVAL: Ken Stripling

DATE: June 13, 2017

SUBJECT: STATE LEGISLATION: ASSEMBLY BILL 1250

DEPARTMENT: City Manager's Office

PRESENTER: Masis Hagobian

RECOMMENDED ACTION

City Council adopt the Legislative Committee’s recommendation to oppose Assembly Bill 1250 (Jones-Sawyer) and transmit position statements to Assembly Member Jones-Sawyer, Santa Clarita’s state legislative delegation, appropriate legislative committees, Governor Brown, and the League of California Cities.

BACKGROUND

Authored by Assembly Member Reginald Jones-Sawyer (D-59-Los Angeles), Assembly Bill 1250 establishes requirements for the use of personal service contracts by counties and cities.

Specifically, this bill:

1. Requires that proposals to contract out specific personal services must not be approved solely on the basis that savings would result from lower contractor pay rates or benefits, and that such proposals must be eligible for approval only if the contractor’s wages are at the industry’s level and do not significantly undercut county or city pay rates.
2. Requires that contracts for specific personal services do not cause the displacement of county or city employees, and specifies “displacement” to include layoff, demotion, involuntary transfer to a new location requiring a change of residence, and time base reductions, and not include changes in shifts, days off, reassignment to other positions within the same class, and general location.
3. Exempts the following specific personal services from the requirements included in this bill:
 - a. Architectural, landscape architectural, engineering, environmental, and land

surveying services.

- b. Construction project management services, including services provided by a licensed architect, registered engineer, or licensed general contractor.
 - c. Construction projects, including alteration, demolition, installation, or repair work of public infrastructure.
 - d. Irrigation, utility, reclamation, and improvement districts or services related to street, sewer, or other improvement work under the direction and supervision or by the authority of any public body.
 - e. Street sweeping services and solid waste handling services.
 - f. Renewal of existing contracts that do not cause displacement of city employees, nor reduce the number of employee positions.
4. Requires cities and counties to conduct an audit of a contract, if the contract exceeds \$100,000 annually, to determine whether cost savings have been realized and would require the contractor to reimburse the cost of the audit.
 5. Prohibits cities and counties from renewing or extending specific personal contract services prior to receiving and considering the audit report.

Assembly Bill 1250 was amended since its review by the City Council Legislative Committee.

Amendments made to Assembly Bill 1250 include the following:

- Eliminates the requirement that cities and counties conduct a cost-benefit analysis and an environmental impact report prior to entering into a contract.
- Eliminates the requirement that cities and counties provide an orientation to employees of the contractor who will perform the personal services.
- Eliminates the requirement that cities and counties maintain an internet database of specific personal contracts, accessible to the public.
- Prohibits contractors from “building-in” the cost of the audit in their contract with a city or county.
- Exempts from the requirements included in this bill, personal service contracts that are between a city and another government entity for services to be performed by employees of the other government entity.
- Exempts from the requirements included in this bill, street sweeping services and solid waste handling services.

- Exempts from the requirements included in this bill, the renewal of existing personal service contracts, if the contracts do not displace city employees or reduce city employee positions.

Although amendments were made to Assembly Bill 1250, the bill still significantly impacts a cities and counties contracting process.

The City processed 805 personal contracts in 2016, and as of May 9, 2017, the City has processed 364 personal contracts in 2017. The most commonly utilized contracts by the City include design consultants, engineering consultants, and construction management. While Assembly Bill 1250 exempts many of the commonly utilized contracts that the City acquires, this bill still has a significant impact on the City's overall contracting process.

City staff is in the process of researching the estimated number of contracts this bill would impact, however the following three large contract services currently contracted with the City have been identified as applicable to the standards required in this bill:

- Transit Services
 - 244 positions for the management, operations, and maintenance of transit services.
 - Fiscal Year 2016-17 Cost Estimate: \$19,599,946
- Landscape Maintenance Services
 - 115 positions for services regarding the City's landscape maintenance.
 - Fiscal Year 2016-17 Cost Estimate: \$3,668,636
- Library Services
 - 54 positions for library services.
 - Fiscal Year 2016-17 Cost Estimate: \$3,597,020.

The League of California Cities estimates that cities will have to pay \$19,191 per contract to conduct an audit.

On June 1, 2017, Assembly Member Jones-Sawyer announced on the Assembly Floor that he will be amending Assembly Bill 1250 to remove cities from the bill. Due to the legislative process, the bill could not be amended during its third reading on June 1, 2017. Therefore, Assembly Member Jones-Sawyer has committed to amend the bill once it moves to the Senate.

Assembly Bill 1250 passed on June 1, 2017, (45-30-5), with Assembly Members Dante Acosta and Tom Lackey voting against the bill. Assembly Bill 1250 will next be assigned to a

committee in the State Senate for review. City staff expects the amendment to remove cities from the bill to be made in the next month. Once the bill has been amended, staff will notify the City Council at the soonest available time.

Notable Supporters

California State Council of the Service Employees International Union (Sponsor), California Labor Federation, and Los Angeles County Professional Peace Officers Association

Notable Opponents

League of California Cities, City of Glendale (in addition to 53 other cities), and California Chamber of Commerce

The City Council Legislative Committee met on May 19, 2017, and recommends that the City Council adopt an “oppose” position for Assembly Bill 1250.

ALTERNATIVE ACTION

1. Adopt a “neutral” position on Assembly Bill 1250
2. Adopt a “support” position on Assembly Bill 1250
3. Take no action on Assembly Bill 1250
4. Refer Assembly Bill 1250 back to the Legislative Committee
5. Other action, as determined by the City Council

FISCAL IMPACT

The resources required to implement the recommended action are contained within the City of Santa Clarita's adopted 2016/17 budget.

ATTACHMENTS

Assembly Bill 1250 (Jones-Sawyer)