



June 4, 2024

The Honorable Maria Elena Durazo, Chair
 Senate Local Government Committee
 1021 O Street, Suite 7530
 Sacramento, CA 95814

Re: **AB 2557 (Ortega): Local agencies: contracts for special services and temporary help: performance reports**
As amended 5/16/24 – OPPOSE
Set for hearing 6/11/24 – Senate Local Government Committee

Dear Senator Durazo:

On behalf of the Urban Counties of California (UCC), the Rural County Representatives of California (RCRC), the California State Association of Counties (CSAC), the League of California Cities (CalCities), the California Special Districts Association (CSDA), the Association of California Healthcare Districts (ACHD), the California Association of Recreation and Park Districts (CARPD), the California Association of Sanitation Agencies (CASA), the County Health Executives Association of California (CHEAC), the County Welfare Directors Association (CWDA), the County Behavioral Health Directors Association (CBHDA), the Association of California School Administrators (ACSA), the California School Boards Association (CSBA), the Mosquito and Vector Control Association of California (MVCAC), the California Municipal Utilities Association (CMUA), the Coalition for Adequate School Housing (CASH), the California Association of Joint Powers Authorities (CAJPA), the American Council of Engineering Companies (ACEC), the American

Institute of Architects (AIA), California Building Officials (CALBO), Transportation California, the Southern California Contractors Association (SCCA), the American Public Works Association (APWA), and the California Geotechnical Engineering Association (CalGeo), California Fire Chiefs Association (CalChiefs), the Fire Districts Association of California (FDAC), Public Risk Innovation, Solutions, and Management (PRISM), the California Association for Local Economic Development (CALED), and the California and Nevada Civil Engineers and Land Surveyors (CELSA), National Society of Professional Engineers - California (NSPE-CA), California Association of Public Hospitals and Health Systems (CAPH), California County Superintendents, Association of California Water Agencies (ACWA), the California Association of County Veterans Services Officers (CACVSO), the Emergency Medical Services Administrators' Association of California (EMSAAC), the California Records' Association of California (CRAC), the California State Sheriffs' Association (CSSA), we write to inform you of our opposition to Assembly Bill 2557, Assembly Member Liz Ortega's measure relating to contracting by local agencies. Like previous legislative efforts that attempted to curb local agency authority for contracting, our organizations believe the proposal contained in AB 2557 is overly burdensome and inflexible, likely resulting in worse outcomes for vulnerable communities and diminished local services for our residents and students.

Broad application has costly implications. There are more than 4800 local agencies in the state, most of which rely – at least in part – on contractors to provide a variety of local programs and services that, given our current public sector workforce shortages, would be difficult to provide without their capable assistance. With the additional reporting obligations and requirements of AB 2557 for local agencies with represented workforces and for their contractors, we anticipate (1) fewer non-profit providers, community-based organizations, and other private service providers willing to engage with local agencies, (2) exacerbated already-demanding caseloads and workloads for our existing staff, and (3) increased costs for local agencies. Given the extensive application of the measure, we can easily anticipate costs associated with this measure in the hundreds of millions of dollars statewide, which includes Proposition 98 funds.

Just as an example, AB 2557 would apply to local services including, but not limited to, jail health care, forest and wildfire prevention and management, public works surveyors, family reunification services, 9-1-1 dispatching, permitting, engineering, outside counsel, accounting, payroll, IT/Cybersecurity, RFP consulting services, real estate consulting, scientific monitoring and research, special education assistants, school nurses, data collection, and even the independent auditor required by the bill. The design services contemplated by Design-Build and Progressive Design-Build project delivery methods may also be subject to its requirements.

Further, there remains a chronic and sustained under-investment in funding local government programs and services in California. In fact, most of the new resources that local agencies have received from the state and federal governments over the past many years have been one-time in nature. As the state repeatedly acknowledges regarding its own budget, responsible budgeting means that one-time revenues should be spent on one-time expenditures.

Reporting requirements are burdensome, duplicative, and impractical. AB 2557 would require contractors to provide semi-annual performance reports with a litany of required components, including personally identifiable information for its employees and subcontractors, that is then subject to the California Public Records Act. An entire local bureaucracy would have to be created at a considerable cost to comply with provisions that require these semi-annual performance reports to be monitored to evaluate the quality of service.

In addition to the obligation of the contractor to provide semi-annual performance reports every 180 days, AB 2557 requires a performance audit by an independent auditor (who would likely also be subject to the provisions of AB 2557) to determine whether performance standards are being met for contracts with terms exceeding two years, ostensibly *at the contractor's cost*. (AB 2557 provides that “a contractor shall not

factor the costs of the audit into the contract costs with the board of supervisors”; however, achieving or enforcing this in practice seems implausible.) It is unclear to us what is intended to be learned from this performance audit as opposed to the regular performance reports. This provision fails to reflect an understanding of the practical logistics of actually achieving this reporting and review in a timely manner, not to mention the considerable burden placed on contractors, which would presumably be an additional deterrent to engaging with local agencies.

All of the above provisions also apply to temporary employees working under a contract for temporary help for local agencies, except that these contracts would be subject to *monthly* reporting for temporary employees in counties. Temporary employees working under a contract for temporary help are routinely used for important local services. An example that we have previously shared with the Legislature are public and district hospitals, which often operate both hospitals and clinics, that must ensure they are adequately staffed to care for patients and meet the requirements of state law. It is no secret that California is in a statewide health care provider shortage, and as providers adjust to surges in patient volumes and fluctuations in staffing levels, they must have the tools available to them to bring on additional staffing quickly to fill gaps.

Making private employee data subject to the California Public Records Act deters effective partnerships with the private sector. AB 2557 requires contractors to provide information about employees and to retain records. This private employee data would be accessible to any member of the public via the California Public Records Act; public employee data subject to the CPRA has resulted in data mining for profit, as well as subjecting employees to harassment and threats.

Local agencies are already subject to statutory limitations on contracting. It is important to note that local agencies are already subject to the statutory provisions of the Meyers-Milias-Brown Act (MMBA), the Educational Employment Relations Act, and related provisions of state law. These laws establish that local agencies cannot contract out work currently being performed by bargaining unit employees simply to save money and most contracting-out decisions are already subject to meet-and-confer requirements. There are exceptions to the meet-and-confer requirement in cases of compelling necessity (like an emergency) or when there is an established past practice of contracting out particular work. AB 2557 does not incorporate either of these limitations. More broadly, any of the requirements of this bill, if desirable to local agency employees and their representatives, can be negotiated at the bargaining table. Our position is that all of these issues are better addressed at the bargaining table where local conditions can be appropriately considered.

AB 2557 represents a sweeping change to the fundamental work of local governments, but we are unaware of a specific, current problem that this measure would resolve or prevent. We are keenly aware, though, of the very real harm that could result from this measure. AB 2557 will not improve services, reduce costs, or protect employees. As a result, we are opposed to AB 2557. Should you have any questions about our position, please reach out directly.

Sincerely,



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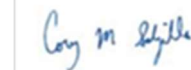
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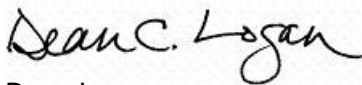
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