



ASSEMBLY FLOOR ALERT

AB 2557 (Ortega): Local agencies: contracts for special services and temporary help: performance reports

As amended April 25, 2024 – OPPOSE

May 20, 2024

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 Association

and Land Surveyors (CELSA) respectfully request your **NO vote** on **Assembly Bill 2557 (Ortega)**. Like previous legislative efforts that attempted to curb local agency authority for contracting, the proposal contained in AB 2557 is unnecessary and inflexible, resulting in worse outcomes for vulnerable communities and diminished services for our residents and students.

AB 2557 burdens the process for cities, counties, special districts, and schools to contract out for statutorily authorized special services by requiring onerous contractor reporting obligations and audits, and by exposing contractors' employee data. The bill is likely to disincentivize contractors from doing business with affected local agencies and increase costs and delays.

- The bill's broad application has costly implications. The special services statutes vary by agency type and cover a broad array of services provided by local agencies, from essential government administration services to medical and therapeutic services to legal, financial, and other technical services. The application would include but is not limited to **jail health care, forest and wildfire prevention and management, elections 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.**
- The requirements outlined in the performance reports are **onerous, redundant, and unnecessary**. They are likely to discourage private contractors and nonprofits from engaging in these contracts. The bill will advantage large contractors over small non-profits and businesses less able to comply.
- Employee data would be accessible to any member of the public via the California Public Records Act, **potentially subjecting private-sector employees to the same harassment sometimes endured by public employees**, and further discouraging contractors and nonprofits from engaging in these contracts.
- Increased contractor costs **will inevitably result in increased costs to the local agency, which includes Proposition 98 funding**; limited public dollars will not stretch as far.
- Although the costs of independent audits are allocated to the contractor under the bill, achieving and enforcing this in practice seems implausible.
- Performing an analysis for every contract to determine if the same function was performed in-house within the last 5 years will increase costs and delays for local agencies. **Resulting delays are not compatible with contracts for urgent needs.**
- The issues addressed by the bill are **better addressed at the bargaining table** where local conditions can be appropriately considered.
- There is no problem to be solved by the bill. Contractor accountability is mandated by the terms of the contract itself. **Local agencies and schools already have tools to terminate underperforming contracts and to seek remedies in court.** The California Public Records Act and Brown Act already provide robust transparency for contracting.

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. For these reasons, our organizations respectfully **request your "NO" vote** on AB 2557.

For more information, please contact Jean Kinney Hurst at jkh@hbeadvocacy.com.