



CITY COUNCIL AGENDA REPORT



DEPARTMENT: Administration

MEETING DATE: March 4, 2014

PREPARED BY: Fran Delach, City Manager

AGENDA LOCATION: AR-2

TITLE: Letter of Opposition to House Resolution HR 29 (Gomez) Restricting or Limiting Options to Outsource Public Services

OBJECTIVE: To provide information on House Resolution HR 29 and seek direction for Staff to prepare and send a letter of opposition

BACKGROUND: HR 29 (Gomez) is an Assembly Resolution that is aimed at restricting local ability to contract out for services. The bill is currently in the Assembly Rules Committee awaiting referral to committee(s) for a hearing. This resolution does not have the force of law, but expresses largely symbolic support for the Taxpayer Empowerment Agenda. Legislators that are asked to vote on this are committing themselves to a pledge to vote on future bills related to the issue.

The resolution includes a clause stating that local cities should familiarize themselves with "The Taxpayer Empowerment Agenda," which is linked to a group called "In the Public Interest," which is a project of an organization called The Partnership for Working Families. For your information, the attached documents are from the "In the Public Interest" website.

ANALYSIS: This resolution, in its resolved clauses, would have legislators take a form of a pledge that would potentially restrict their votes on future legislation consistent with the political agenda of an outside national organization. Such efforts undermine the democratic process and representative government, because legislators lose the opportunity to make an informed decision about the specific impacts of legislation.

Local governments have a long history of addressing service delivery challenges with creativity, self-reliance and innovation. In the late 1800s, California cities banded together to share strategies over road rollers and the electric light. Since then, unique local challenges and limited budgets continue to fuel innovative efforts to obtain expertise and provide high quality services. Many services are provided by city employees, while others such as refuse collection, construction, and specialized services are provided on a contract basis. Law enforcement services may also be provided via contract with the sheriff, and fire and park services by a special district.

Cities continue to face difficult budget conditions, which have been compounded by recent state takeaways, including the loss of redevelopment and expanding pension and retiree health care obligations. This builds upon existing constitutional limitations on local agencies to raise additional revenue. Thus, local agencies are in no position to have their flexibility further curtailed.

Not only is this resolution harmful in its content, but this resolution is designed to frame future votes before legislators know the details of actual legislation and local impacts. For example, Assembly Member Pan will be carrying three bills this term, sponsored by the American Federation of State, County and Municipal Employees (AFSCME), related to contracting:

AR-2

- AB 1574 would allow state agencies to terminate contracts if the contractor does not provide the agreed upon products or services.
- AB 1575 seeks to empower state agencies by requiring contracts to meet specific performance criteria and cost parameters.
- AB 1578 would require the state to publish an online database of contractor names and payments per contract, including the hourly wages of private contractor employees.

It is critical for legislators to fully vet each bill on its own merit as opposed to in relation to an overarching resolution, and for local governments to maintain maximum flexibility in challenging fiscal times when delivering services, and this resolution threatens our ability to do so.

The League of California Cities has taken a stance of opposition to this resolution and is encouraging other cities to do the same. Staff is continuing to review these bills and will provide information as it becomes available.

ENVIRONMENTAL IMPACT: There is no environmental impact associated with this report.

FISCAL IMPACT: There is no fiscal impact associated with this report.

OPTIONS: The following options are presented for consideration:

1. Direct Staff to draft a letter of opposition for HR 29, a resolution seeking to restrict or limit cities' ability to contract for public services.
2. Watch the issue and take no immediate action

RECOMMENDATION: Staff recommends that the City Council direct Staff to send a letter of opposition for HR 29.

COUNCIL ACTION REQUIRED: If the City Council concurs, the appropriate action would be a motion to direct Staff to draft a letter of opposition for HR 29 and authorize the Interim City Manager to execute the document.