

Date of Hearing: June 17, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

SB 1055 (Laird) – As Amended June 9, 2026

**SENATE VOTE:** 36-0

**SUBJECT:** Pajaro Regional Flood Management Agency: contracts

**SUMMARY:** Allows the Pajaro Regional Flood Management Agency (PRFMA/agency) to use specified procurement methods for flood projects. Specifically, **this bill:**

- 1) Allows, upon approval by its governing body, PRFMA to utilize any of the following alternative project delivery methods, in addition to other contracting methods allowable by law:
  - a) Award to the lowest bidder.
  - b) Progressive design-build contracting, as provided in existing law authorizing the use of progressive design-build by local agencies, as specified.
  - c) Construction manager-at-risk (CMAR) contracting, as provided in existing law authorizing the use of CMAR by counties, as specified.
  - d) Design-build contracting, following the procedures described in existing law authorizing the use of design-build by local agencies, as specified.
  - e) Construction manager/general contractor (CM/GC) contracting, following the procedures described in existing law authorizing the use of CM/GC by the Metropolitan Water District of Southern California, as specified.
  - f) Best value procurement contracting, following the procedures described in existing law authorizing the use of best value by counties, as specified.
  - g) Job order contracting.
- 2) Provides that, if the governing body approves the agency to use job order contracting, it shall be used in accordance with the following:
  - a) Job order contracts (JOCs) of the agency shall be competitively bid and awarded to bidders providing qualified responsive bids.
  - b) JOCs shall be for repair, remodeling, or other repetitive work to be done according to unit prices. No annual contracts may be awarded for any new construction.
  - c) Solicitations for job order contractors shall progress pursuant to the following:

- i) The agency shall prepare a set of documents for JOCs that shall include a unit price catalog or other established unit prices, JOC terms, JOC technical specifications, and any other information the agency deems necessary to adequately describe the agency's needs.
  - ii) An architect, engineer, consultant, or contractor retained by the agency to assist in the development of the JOC solicitation documents shall not be eligible to bid or to participate in the preparation of a JOC bid related to that solicitation.
  - iii) The agency may award multiple JOCs in response to a single JOC solicitation as determined by the lowest combined adjustment factors outlined in the invitation for bids.
- d) The agency shall develop a system for evaluating JOC bids for awarding JOCs, as follows:
- i) The agency shall prepare a request for bids for JOCs based on the solicitation documents prepared pursuant to this bill that invites job order contractors to submit sealed bids in the manner prescribed by the agency.
  - ii) Each bidding job order contractor shall include in its bid one or more adjustment factors to the established unit prices provided in the request for bids based on the contract's technical specifications.
  - iii) Each bidding job order contractor shall agree to identify any subcontractors to be used for the job orders performed pursuant to the JOC.
  - iv) The award of JOCs, if any, shall be made to a job order contractor or to job order contractors that the agency determines to be qualified and responsive based upon preestablished criteria determined by the agency.
  - v) Notwithstanding iv), above, the agency, by a process determined by the agency, may award any job order for repair or renovation work with a value equal to or less than \$250,000 to a job order contractor that is also a certified small business enterprise, as established by the agency's small business enterprise certification process or any similar certification process acceptable to the agency, or to a job order contractor that is also a disabled veterans business enterprise, as certified by the Department of General Services.
- 3) Provides that the maximum total dollar amount that may be awarded under a single JOC shall not exceed \$5 million in the initial contract term of the JOC. No single job order shall exceed \$1 million, not including change orders necessary to complete the scope of the original project.
- 4) Provides that JOCs shall be executed for an initial contract term of no more than 24 months which may be extended for one year up to four times, and for a maximum of \$5 million over the subsequent four terms of the contract.

- 5) Provides that work shall not be split or separated into smaller job orders for the purpose of evading the cost limits of this bill. However, the agency may award phased job orders, if necessary, to comply with environmental regulations, permitting requirements, tidal or seasonal construction windows, or other operational constraints, provided that the phasing is not used to circumvent the monetary limitations established in this bill.
- 6) Requires the maximum amounts specified for JOC value and job order value to be adjusted each January 1 to reflect the percentage change in the annual California Construction Cost Index as used by the agency. The amount shall be rounded off to the nearest one-thousand-dollar figure.
- 7) Provides that all work bid under the JOC shall comply with the Subletting and Subcontracting Fair Practices Act and is subject to all of the penalties and provisions set forth in that Act.
- 8) Provides that, if the primary job order contractor chooses to use subcontractors, the primary job order contractor is required to verify that the subcontractors possess the appropriate licenses and required credentials.
- 9) Provides that, if the agency, after conducting an administrative due process review, determines that there has been a violation of the Subletting and Subcontracting Fair Practices Act, including, but not limited to, bid shopping by the job order contractor, the agency may terminate the job order or declare the contractor ineligible for future JOCs for a period of time to be determined by the agency, or withdraw authorization for the contractor to proceed with awarded work.
- 10) Requires a JOC to set forth in the general conditions of the contract the party or parties responsible for ensuring compliance with existing law governing the payment of prevailing wages, as specified.
- 11) Requires a prevailing wage to apply to all work ordered under a JOC regardless of thresholds set forth existing law governing the payment of prevailing wages, as specified.
- 12) Requires the job order contractor to pay the prevailing wage in effect at the time the JOC is issued by the agency and all increases as published by the Department of Industrial Relations (DIR) for the term of the JOC, including all overtime, holiday, and shift provisions published by DIR.
- 13) Requires, in order to prevent fraud, waste, and abuse, the agency to prepare for each individual job order developed under a JOC an independent cost estimate. The estimate shall be prepared before the receipt of any job order contractor's estimate for the work and shall be compared to the job order contractor's estimate to determine the reasonableness of that estimate before issuance of any job order. If the agency finds the job order contractor's estimate to perform work for a given job order to be unreasonable, not cost effective, or undesirable, the agency may elect not to issue the job order to the job order contractor, and may, instead, use any other available procurement procedure, or choose not to move forward with the work.

- 14) Provides that the agency shall not use job order contracting pursuant to this bill unless the agency has entered into a project labor agreement (PLA) or agreements that apply to all public works awarded through job order contracting and to all other public works of the agency that exceed a monetary threshold set by the agreement regardless of what contracting procedure is used to award that work.
- 15) Requires, except as provided in 16), below, an entity awarded a JOC in excess of \$25,000 to provide an enforceable commitment to the agency that the entity and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the JOC that falls within an apprenticeable occupation in the building and construction trades in accordance with existing law governing skilled and trained workforce requirements, as specified.
- 16) Provides that 15), above, shall not apply for a JOC that is subject to a PLA that binds all contractors and subcontractors performing work under the JOC to use a skilled and trained workforce to perform that work.
- 17) Requires the agency to award a contract pursuant to this bill on a best value basis or to the lowest responsible bidder. "Best value" means a value determined by evaluation of objective criteria that relate to price, features, functions, life-cycle costs, experience, and past performance. A best value determination may involve the selection of the lowest cost proposal meeting the interests of the agency and meeting the objectives of the project.
- 18) Provides the following definitions:
  - a) "Adjustment factor" means the job order contractor's competitively bid adjustment to the local agency prices as published in the unit price catalog.
  - b) "Agency" means the Pajaro Regional Flood Management Agency.
  - c) "Construction manager" means a partnership, corporation, or other legal entity that is a licensed contractor pursuant to Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code, and that is able to provide appropriately licensed contracting and engineering services as needed, pursuant to a CM/GC method contract.
  - d) "Construction Manager/General Contractor method" or "CM/GC method" means a project delivery method in which a construction manager is procured to provide preconstruction services during the design phase of the project and construction services during the construction phase of the project. The contract for construction services may be entered into at the same time as the contract for preconstruction services or at a later time. The execution of the design and the construction of the project may be in sequential phases or concurrent phases.
  - e) "Job order contract" means a competitively bid contract between the local agency and a responsible contractor in which the contractor agrees to a fixed period, fixed-unit price, and indefinite quantity contract that provides for job orders for public works.
  - f) "Preconstruction services" means advice during the design phase, including, but not limited to, scheduling, pricing, and phasing to assist the local agency to design a more constructible project.

- g) “Project” means the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind.
  - h) “Technical specifications” means information published by the agency detailing the technical specifications with regard to quality of materials and workmanship to be used by the job order contractor in accomplishing the tasks listed in the unit price catalog.
  - i) “Unit price” means the amount paid for a single unit of an item of work identified in the unit price catalog multiplied by the contractor’s adjustment factor.
  - j) “Unit price catalog” means a compilation of specific construction tasks and the unit prices to install or demolish that construction. The listed tasks shall be based on generally accepted industry standards and information, if available, for various items of work to be performed by the job order contractor. The prices shall include the cost of materials, labor, and equipment for performing the items of work. The prices shall not include overhead and profit. All unit prices shall be developed using local prevailing wages.
- 19) Provides that nothing in this bill shall preclude PRFMA from utilizing any future contracting methods awarded to joint powers authorities or their member agencies.
- 20) Provides that the provisions of this bill shall remain in effect only until January 1, 2035, and as of that date are inoperative.
- 21) Finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances faced by PRFMA.
- 22) Provides that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this bill creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, as specified, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

**FISCAL EFFECT:** According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

**COMMENTS:**

- 1) **Author’s Statement.** According to the author, “Senate Bill 1055 continues a legacy of legislative work crafted to support the Pajaro River levee, a vital piece of infrastructure in my district. The flood in March of 2023, which led to a levee breach of over 400 ft. and forced thousands of residents to evacuate, was a stark reminder that the need for flood protection is immediate, and we must act quickly.

“SB 1055 authorizes the Pajaro Regional Flood Management Agency (PRFMA) to utilize four additional methods of alternative labor procurement. With this increased access, PRFMA can choose the contracting method that best serves their current needs and complete projects in a more timely and cost-saving manner.”

- 2) **Background.** The Local Agency Public Construction Act generally requires local agencies to invite bids for construction projects and award contracts to the lowest responsible bidder. Local agencies typically use the traditional design-bid-build method for constructing public works. This approach splits construction projects into two distinct phases: design and construction. During the design phase, the local agency prepares detailed project plans and specifications using its own employees or by hiring outside architects and engineers. Once project designs are complete, local agencies invite bids from the construction community and award the contract to the lowest responsible bidder. Over the last couple of decades, legislators have gradually expanded local agencies' authority to procure construction projects using various alternatives to the design-bid-build project delivery method.
- 3) **Best Value.** Best value contracting has generally been recognized as a viable alternative for construction projects. Traditionally, construction projects have been bid and awarded based upon a lowest-cost approach. Best value, a competitive contracting process, allows projects to be awarded to the contractor offering the best combination of price and qualifications, instead of just the lowest bid. In addition to submitting bids for project cost, prospective contractors also submit technical proposals. The technical proposals are evaluated based on objective criteria, and scores are compiled. The scores are then used to weigh or adjust the submitted bid price. The contract is awarded to the contractor that represents the best value to the contracting agency.
- 4) **Design-Build.** California law allows local agencies to use the design-build method, in which a single contract covers the design and construction of a project with a single company or consortium that acts as both the project designer and builder. Existing law generally limits the use of design-build by local agencies to specified types of projects, but with a number of narrow exceptions. It also contains a number of details regarding how design-build projects must progress.
- 5) **Progressive Design-Build.** Progressive design-build is a more recent variant on traditional design-build contracting that generally includes two phases. In the first phase, the awarding authority uses a best value process to select a design-build entity that completes preliminary plans and preconstruction services necessary to provide a cost estimate and final design proposal. The project then "progresses" to the second phase, where the awarding authority and the design-build entity agree to a final design, project cost, and schedule. If they cannot agree, there is an "off ramp" between the two phases when the awarding authority can pursue other options, but still benefit from having the first phase of work complete. This is different from traditional design-build, where the awarding entity contracts with a single entity to design and construct a project at a set price before design work begins, and without a similar off ramp.
- 6) **Construction Manager/General Contractor (CM/GC).** The CM/GC project-delivery method allows an agency to engage a construction manager during the design process to provide assistance to the design team, which can ultimately lead to a more constructible project. When design is nearly complete, the agency and the construction manager negotiate a guaranteed maximum price for the construction of the project based on the defined scope and schedule. If this price is acceptable to both parties, they execute a contract for construction services, and the construction manager becomes the general contractor. CM/GC can lead to less costly and more expediently delivered projects because of the construction manager's involvement in the design process. AB 1845 (Calderon, 2022) authorized the

Metropolitan Water District of Southern California to use design-build, progressive design-build and CM/GC project delivery methods for a regional water recycling project or a drought response project, also with specified requirements.

- 7) **Construction Manager At-Risk (CMAR).** CMAR is a process that allows the client of a project to choose the construction manager (CM) before the design stage is complete. The CM is chosen and then the entire operation is centralized under a single contract. The architect and CM work together in order to cultivate and assess the design. Then, the CM gives the client a guaranteed maximum price and coordinates all subcontract work. The architect/engineer (A/E) is hired separately from the CMAR and the traditional client – A/E relationship is maintained. However, A/Es can generally perform the CM role, with various restrictions imposed based on state.
- 8) **Job Order Contracting (JOC).** A JOC is a competitively bid, fixed price, indefinite quantity contract for the performance of minor construction, as well as the renovation, alteration, painting and repair of existing public facilities. Instead of bidding each project separately, the agency awards a JOC that identifies specific tasks and covers a range of recurring work, such as roofing, electrical work, plumbing, and painting across facilities.

A JOC is a fixed price agreement in that it is based upon specified charges contained in a Unit Price Book (UPB), which is prepared by the public agency or by independent commercial sources. The UPB sets forth detailed repair and construction tasks, including task descriptions, specifications, units of measurement, and unit prices for each task (“Unit Price” means the amount paid for a single unit of an item of work). This contracting method is intended to reduce costs and accelerate completion of smaller projects. It is not generally viewed as an appropriate method of contracting for large, complex construction projects that require extensive or innovative design or are likely to encounter changes and revisions during construction.

- 9) **Joint Powers Agencies.** The Joint Exercise of Powers Act allows two or more public agencies to use their powers in common if they sign a joint powers agreement. Sometimes an agreement creates a new, separate public entity called a joint powers agency or joint powers authority (JPA). Agencies that can exercise joint powers include federal agencies, state departments, counties, cities, special districts, school districts, federally recognized Indian tribes, and even other joint powers authorities.
- 10) **Pajaro Regional Flood Management Agency (PRFMA).** The PRFMA is a JPA formed in 2021 between the County of Santa Cruz, Santa Cruz County Flood Control and Water Conservation District—Zone 7 (District), the County of Monterey, the Monterey County Water Resources Agency (MCWRA), and the City of Watsonville. PRFMA plans, finances, and implements projects and programs to reduce flood risk from the lower Pajaro River and its tributaries in Santa Cruz and Monterey counties.
- 11) **Pajaro River Flood Risk Management Project.** The Pajaro River Project was built in 1949 by the United States Army Corps of Engineers (USACE) to provide local flood control and is maintained jointly by the District and MCWRA. Since construction of the levee system in 1949, there have been major floods on the Pajaro River and its tributaries in 1955, 1958, 1995, and 1998 that have resulted in significant inundation and damage caused by

overtopping or breaching of the levees. Levees nearly broke again in the federally-declared storm disasters of January-February 2017.

The existing and proposed Pajaro River Project is a \$400 million effort to improve flood protection in the region, including providing 100-year flood protection to the City of Watsonville and the community of Pajaro. By widening the river's floodplain, the Project will also provide significant environmental benefits as habitat is restored for native species and new outdoor recreation opportunities are created.

In 2022, the Legislature authorized the state share for planning, engineering, designing, and constructing of the Pajaro River flood control project and gave the state the option to cover 100% of the nonfederal share (SB 489, Laird). SB 489 also allows the state to provide funding if federal support is delayed or only partially available. In 2023, the Legislature also granted several regulatory and permitting exemptions as well as an expedited California Environmental Quality Act (CEQA) process (AB 876, Robert Rivas).

PRFMA reports that, while its member agencies share certain procurement authorities, such as progressive design-build and CMAR, the other contracting authorities, including design-build and CM/GC, are not uniformly available across all members. According to PRFMA, this lack of consistency creates administrative and legal challenges in initiating and delivering the Pajaro River Project.

- 12) **Bill Summary.** This bill allows PRFMA, with approval of its governing body, to use design-build, CM/GC, best value and JOC for its projects. This bill also codifies the ability of PRFMA to use the procurement methods currently shared by its member agencies: progressive design-build and CMAR.

This bill generally requires the use of all procurement methods to be consistent with authorizations in existing law for other local agencies. This bill becomes inoperative on January 1, 2035.

This bill is sponsored by PRFMA.

- 13) **Policy Consideration.** The committee may wish to consider the following:

As noted above, this bill generally requires the use of all procurement methods to be consistent with authorizations in existing law for other local agencies. However, this bill does not require any reporting to the Legislature on PRFMA's use of job order contracting, which has been included in other bills authorizing the use of job order contracting for other agencies. The committee may wish to consider whether this reporting requirement should be added to this bill. In addition, there is a minor technical inconsistency regarding the provisions that apply to the awarding of a JOC that the committee may wish to address.

- 14) **Committee Amendments.** The committee may wish to consider adopting the following amendments:

- a) Add reporting requirements to PRFMA's authorization to use job order contracting.
- b) Amend Section 21653 as follows:

(d) The agency shall develop a system for evaluating Job Order contract bids for awarding Job Order ~~contracts, as follows:~~ **contracts.**

**(e) The award of a job order contract shall progress as follows:**

15) **Related Legislation.** AB 2033 (Papan) authorizes cities to award JOCs of up to \$3 million, until January 1, 2032. AB 2033 is pending in Senate Local Government Committee.

SB 983 (Weber Pierson) authorizes the use of JOC for the San Diego Unified Port District. SB 983 is pending in this committee.

16) **Previous Legislation.** SB 598 (Durazo), Chapter 655, Statutes of 2025, authorizes, until January 1, 2031, specified local agencies that provide for the production, storage, supply, treatment, or distribution of any water from any source, to use the CM/GC process for 15 capital outlay public works projects for each local agency.

SB 991 (Newman), Chapter 243, Statutes of 2022, authorizes, until January 1, 2029, specified local agencies that provide for the production, storage, supply, treatment, or distribution of any water from any source, to use the progressive design-build process for public works projects in excess of \$5 million.

AB 1845 (Calderon), Chapter 275, Statutes of 2022, authorizes, until January 1, 2027, the Metropolitan Water District to use design build, progressive design build, and CM/GC contracting authority for regional water recycling or drought response projects.

17) **Arguments in Support.** The Pajaro Regional Flood Management Agency (PRFMA), sponsor of this measure, writes, “The alternative project delivery mechanisms outlined in this measure will allow our agency to construct the needed levee and infrastructure repairs in the most cost-effective and timely manner possible. The disadvantaged communities that will be the beneficiaries of the Pajaro River Flood Risk Management Project once completed already struggle to make ends meet. It is imperative that we find every possible means to improve efficiencies, reduce unnecessary costs, and protect them from further catastrophic flooding that resulted in tremendous socio-economic upheaval.

“SB 1055 would authorize the Pajaro River Flood Management Agency to use additional contracting methods, including Job Order Contracting, Design-Build, and Construction Manager/General Contractor contracting, providing the agency with greater flexibility to deliver projects more efficiently and reduce delays. SB 1055 helps reduce project costs and accelerate construction timelines. The Pajaro River levee system was originally constructed by the federal government in 1949 to protect the communities of Watsonville and Pajaro. Since then, the river and its tributaries have experienced major floods in 1955, 1958, 1995, 1998, and most recently in March 2023, when a levee breach of approximately 400 feet forced roughly 3,500 residents to evacuate and caused an estimated \$300 million in damage to the Pajaro community and surrounding area.

“This measure proposes to provide PRFMA with the same type of public contracting tools that other public agencies possess which in the long run will enable PRFMA to use its limited

resources more efficiently when negotiating contracts for a wide array of project-related services while keeping costs within the affordability range for the vulnerable disadvantaged communities in the region.”

- 18) **Arguments in Opposition.** The Associated General Contractors of California (AGC) write, “AGC has serious concerns when these delivery methods are paired with additional workforce mandates or cross references to statutes that may trigger skilled and trained Workforce (STW) requirements. Layering workforce quotas on top of alternative delivery can significantly restrict competition, increase project costs, and undermine the very efficiencies these tools are intended to provide.

“SB 1055 expands PRFMA’s authority by referencing entire chapters of the Public Contract Code, some of which contain STW provisions for other agencies. If interpreted broadly, these cross references could impose apprenticeship graduation quotas that are not achievable in the Pajaro region, where apprenticeship programs are limited and graduation rates are low across many trades. Imposing STW requirements would exclude a substantial portion of the local contractor workforce, reduce the number of eligible bidders, and significantly increase project costs. In some cases, agencies facing STW shortages are forced toward project labor agreements as a compliance mechanism, which further restricts participation by small, local, and minority owned firms.

“Public contracting laws are designed to promote transparency, competition, and accountability. The Legislature has repeatedly emphasized the need to expand the construction industry’s capacity and increase participation by newer, smaller, and local firms on public works projects. However, bills like SB 1055 risk moving in the opposite direction. By expanding procurement authorities that may be paired with additional workforce mandates, the bill could unintentionally sideline many qualified contractors from meaningful participation in public infrastructure work. These consequences would ultimately slow project delivery and increase costs for the very flood protection improvements the bill seeks to accelerate.”

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Pajaro Regional Flood Management Agency (PRFMA) [SPONSOR]  
 Association of California Water Agencies (ACWA)  
 County of Monterey  
 Monterey County Farm Bureau  
 The Nature Conservancy

### **Opposition**

Associated General Contractors, California Chapters  
 Western Electrical Contractors Association

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