

Date of Hearing: April 28, 2025

ASSEMBLY COMMITTEE ON EMERGENCY MANAGEMENT

Rhodesia Ransom, Chair

AB 783 (Caloza) – As Amended April 8, 2025

SUBJECT: Public contracts: construction materials: disaster relief

SUMMARY: Authorizes the Department of General Services (DGS) to serve as a bulk purchaser of essential construction materials to support and accelerate post-disaster housing recovery efforts, as specified. Specifically, **this bill**:

- 1) Authorizes the DGS to act as a bulk purchaser of essential construction materials to ensure timely and cost-effective rebuilding of housing lost as a result of natural disasters with the goal of reducing the cost of, and streamlining access to, these materials, and to expedite rebuilding efforts in communities affected by a state of emergency, as specified.
- 2) Provides, the DGS may negotiate and enter into exclusive or nonexclusive contracts on a bid or negotiated basis for construction materials commonly used in residential structures. Contracts entered into pursuant to this chapter may include price discounts, rebates, refunds, or other strategies aimed at lowering the cost of these materials. The materials may include, but are not limited to, all of the following:
 - a) Structural materials, such as lumber, concrete, rebar, and steel beams.
 - b) Insulation and weatherproofing materials, including, but not limited to, roofing supplies.
 - c) Interior and flashing materials, such as drywall, paint, windows, doors, and fasteners.
 - d) Mechanical and electrical systems, including, but not limited to, wiring and fixtures.
- 3) Provides the DGS shall, if possible, give priority to sustainable and locally sourced materials.
- 4) States that the materials procured by the DGS pursuant to this bill shall be made available to homeowners, contractors, nonprofit organizations, and local governments in any area affected by a state of emergency resulting from an earthquake, flood, fire, riot, storm, or other natural disaster declared by the President of the United States or the Governor, or upon the declaration of a local emergency resulting from an earthquake, flood, fire, riot, storm, or other natural disaster by the executive officer of any county, city, or city and county for a period of five years following that proclamation or declaration.
- 5) Provides the materials shall only be used for recovery efforts that are directly linked to housing losses caused by a state of emergency.
- 6) Provides the materials shall be offered to homeowners, contractors, nonprofit organizations, and local governments at cost or with minimal administrative fees added in order to ensure affordability for disaster survivors.
- 7) Provides the DGS shall coordinate with local governments, housing agencies, and nonprofit organizations to establish sufficient distribution of the materials within areas affected by a state of emergency resulting from an earthquake, flood, fire, riot, storm, or other natural disaster.

8) Provides the DGS shall maintain transparency in procuring construction materials pursuant to this bill and report annually to the Legislature on the implementation, cost savings, and effectiveness of this chapter. The report shall include, but not be limited to, all of the following:

- a) Quantities purchased.
- b) Distribution metrics.
- c) Rebuilding outcomes in areas affected by a state of emergency resulting from an earthquake, flood, fire, riot, storm, or other natural disaster.

9) Provides specified reporting requirements, as specified.

10) Repeals the above provisions on January 1, 2031

EXISTING LAW:

- 1) Establishes the DGS in the Government Operations Agency for purposes of providing centralized services of state government, as provided. (Government Code Section 14600)
- 2) Authorizes DGS to oversee and manage the acquisition of goods and services for state agencies, ensuring efficiency and cost-effectiveness in procurement processes. . (Government Code Section 14612)
- 3) Specifies that for IT goods and services, an emergency exists when immediate acquisition is necessary for the protection of public health, welfare, or safety. (Public Contract Code (PCC) 12102)
- 4) Authorizes, during an emergency, the immediate purchase of non-IT goods without bid when necessary for the protection of public health, welfare, or safety. (PCC 10302)
- 5) Under the California Emergency Services Act, establishes the California Office of Emergency Services (Cal OES) within the office of the Governor for the purpose of mitigating the effects of natural, manmade, or war-caused emergencies. (Government Code Section 8550)
- 6) Under the California Emergency Services Act, provides Cal OES to be responsible for the state's emergency and disaster response services for natural, technological, or man-made disasters and emergencies, including responsibility for activities necessary to prevent, respond to, recover from, and mitigate the effects of emergencies and disasters to people and property. (Government Code Section 8585)
- 2) Under the California Disaster Assistance Act, requires the Director of Cal OES to provide financial assistance to local agencies for their personnel costs, equipment costs, and the cost of supplies and materials used during disaster response activities, incurred as a result of a state of emergency proclaimed by the Governor, subject to specified criteria. (Government Code Section 8680)
- 3) Provides the California Disaster Assistance Act continuously appropriates moneys in the Disaster Assistance Fund and its subsidiary account, the Earthquake Emergency Investigations Account, without regard to fiscal year. (Government Code Section 8690.25)

- 4) Under the Federal Robert T. Stafford Disaster Relief and Emergency Assistance Act, authorizes the Federal Emergency Management Agency (FEMA) to provide emergency assistance to states and local entities impacted by disasters. In any emergency, the President may, among other things, authorize public assistance programs aimed at providing essential emergency assistance, repairing and restoring damaged public facilities and removing debris. (Public Law 100707)
- 5) Under the Sandy Recovery Improvement Act of 2013, requires FEMA, in cooperation with State, local, and Tribal emergency management agencies, to review, update, and revise through rulemaking the factors that FEMA uses to determine whether to recommend provision of Individual Assistance (IA) during a major disaster. (Public Law 113-2, Section 1109).
- 6) Under Title I of the Housing and Community Development Act of 1974, authorizes the Community Development Block Grant - Disaster Recovery (CDBG-DR). (Subsequent Public Laws are the appropriation acts that provide funding for each disaster. In addition to any requirements cited in the appropriation acts, the CDBG regulations in 24 CFR 570 apply to CDBG-DR funds.)

FISCAL EFFECT: Unknown. A fiscal committee has not yet heard this bill.

COMMENTS:

Purpose of this bill: According to the author, “California communities devastated by wildfires, earthquakes, floods and natural disasters often face significant financial barriers to rebuilding, including high construction costs and limited access to essential materials. AB 783 takes a proactive approach to disaster recovery by authorizing the Department of General services to negotiate discounted contracts for commonly used materials and make them available at cost or with minimal administrative fees. This bill will ensure a more efficient and cost-effective rebuilding process for those in our state recovering from disaster.”

Equity Impact: According to the author’s staff, “AB 783 addresses barriers to disaster recovery by making essential construction materials more affordable and accessible for those impacted by declared disasters. Historically, low-income homeowners, marginalized communities, and smaller contractors face greater challenges in rebuilding due to financial constraints, supply shortages, and market-driven price spikes.”

2025 Los Angeles Fires: In January 2025, Los Angeles County experienced the second and third most destructive fires in California history: the Palisades Fire and Eaton Fire. AccuWeather estimates these fires' total damage and economic loss to be between \$250 billion and \$275 billion.

At its height, the fires placed an estimated 331,335 people on an evacuation advisory, with nearly 192,000 residents facing mandatory evacuation and roughly 140,000 subject to warnings. The blazes burned a combined 37,469 acres and leveled entire communities in the Pacific Palisades and Altadena neighborhoods of LA County.

The Eaton Fire became the second most destructive fire in California history after destroying 9,418 buildings, 1,074 structures damaged, and 17 confirmed civilian fatalities. The Palisades Fire is the third most destructive fire in state history, with 6,837 structures destroyed, 973 structures damaged, and 12 confirmed civilian fatalities.

As firefighters were battling the largest conflagrations, additional fires broke out in the Los Angeles area. Crews were able to stop the forward spread and contain the blazes. These fires included the Lidia, Archer, Woodley, Sunset, Kenneth, Hurst, and Auto fires, which burned close to 2,400 acres between them. Two weeks after the initial fires, the Hughes Fire began near Castaic Lake in northern Los Angeles County on January 22 and grew to over 10,000 acres. Firefighters fully contained the fire on January 30 after covering 10,425 acres.

Rebuilding Executive Orders: In response to the widespread destruction caused by the January 2025 Los Angeles-area wildfires, Governor Newsom issued two executive orders to expedite the rebuilding of critical infrastructure in Altadena, Malibu, and Pacific Palisades:

Executive Order N-4-25 (January 12, 2025): Suspended the California Environmental Quality Act (CEQA) and California Coastal Act (CCA) permitting requirements for the repair or replacement of electric, gas, water, sewer, and telecommunications infrastructure that was damaged or destroyed by the fires.

Executive Order N-24-25 (March 27, 2025): Expanded the suspensions authorized under N-4-25 to cover undergrounding, upgrading, or relocating electric and telecommunications infrastructure damaged by the fires; Related infrastructure projects in adjacent areas; and Additional utility infrastructure projects (e.g., gas, water, sewer) that can be completed concurrently at the same excavation site.

Department of General Services (DGS) Procurement Division: The DGS Procurement Division sets state procurement policies and provides purchasing services. It delegates purchasing authority; certifies small and/or disabled veteran businesses to do business with the state; sponsors the Small Business Council; participates in the Disabled Veterans Business Enterprise Council; and provides innovative purchasing methods that save taxpayers' dollars, integrating quality solutions to meet customers' needs.

The DGS Procurement Division has specific guidelines and procedures for emergency purchases during natural disasters. In such emergencies, departments are not required to conduct competitive solicitations. Emergency contracts can be entered into immediately but are still subject to applicable statutory approval and reporting requirements.

Disasters and Housing: Disasters compound existing housing market challenges. Constrained housing supply has led to increased housing cost burdens, especially among populations vulnerable to disaster. A myriad of recovery assistance programs and timelines, and restrictions on what disasters qualify for support coalesce with these steady state challenges to slow community housing recovery efforts.

The Federal Emergency Management Agency (FEMA) is responsible for interim housing recovery efforts, and the U.S. Department of Housing and Urban Development (HUD) is responsible for those long-term recovery efforts that may extend over several years. At the state

level, housing development agencies are working to address housing challenges as a normal course of action.

Disaster Recovery: In late 2019, Cal OES finalized the California Disaster Recovery Framework (CDRF) and accompanying Recovery Support Function (RSF) Annexes for long-term recovery. Similar to the organization of the ESFs, the RSFs are led by a state coordinating agency, and in conjunction with the federal government, serve to coordinate recovery-specific resources and guidance to local and tribal communities impacted by disasters.

Federal guidance on recovery planning: Recent federal guidance from FEMA, recommend States and local jurisdictions prioritize three areas in disaster recovery planning: (1) disaster housing planning; (2) state disaster recovery coordinator; and (3) disaster financial management policies and procedures.

Disaster Housing Planning: FEMA recommends the establishment of a State-Led Disaster Housing Task Force (SLDHTF) based on lessons learned from recent disasters to develop a disaster housing plan as part of the SEP or as a standalone document and update this plan at least once every two years. FEMA suggests SLDHTFs lead and coordinate state, local, private sector, and community-based actions to assess housing impacts, identify appropriate post-disaster housing options, and establish processes for expediting post-disaster housing delivery.

SLDHTF plans should clearly identify the roles, responsibilities, composition, and mobilization procedures for the SLDHTF, and how the SLDHTF integrates into the incident command structure. To have a successful SLDHTF plan, FEMA encourages recipients to complete a state housing strategy template and establish a State Disaster Recovery Coordinator.

State Disaster Recovery Coordinator: FEMA provides a Pre-Disaster Recovery Planning Guide to help states prepare for recovery by developing pre-disaster recovery plans that follow a process to engage members of the whole community, develop recovery capabilities, and create an organizational framework for recovery efforts. It is strongly recommended that states establish a State Disaster Recovery Coordinator (SDRC), as an effective pre-disaster recovery plan and process is crucial to help recipients prepare for major disaster incidents, recover effectively, and enable state leadership to better organize and identify gaps in the state's recovery capabilities.

Arguments in Support: LeadingAge California writes in support, "California has faced devastating natural disasters, including wildfires, earthquakes, and mudslides, resulting in the destruction of countless homes and displacing vulnerable residents — including older adults. In the wake of these tragedies, rapid and cost-effective rebuilding is crucial to restoring communities and ensuring displaced residents can return to safe, stable housing. However, high construction costs and material shortages remain significant barriers to recovery efforts, especially for low-income seniors and nonprofit housing providers."

They continue, "AB 783 directly addresses these challenges by empowering the Department of General Services to negotiate contracts for commonly used construction materials, incorporating price discounts, rebates, and other cost-saving measures. The bill ensures these materials are made available to homeowners, contractors, nonprofit organizations, and local governments at cost or with minimal administrative fees — a vital step in reducing the financial burdens associated with post-disaster rebuilding."

Arguments in Opposition: The Construction Employers' Association writes in opposition, “Public agencies, private developers, etc., do not purchase construction materials directly, the contractors they employ do the purchasing as per the specifications, and those costs are included in the bids. This measure would have the state front the money for construction materials to be used by local agencies, non-profits, and residential developers, though it is unclear how the materials would be priced given that structural steel, concrete, windows, doors etc., are all manufactured to specifications. Then there’s the matter of liability. Today, if construction materials fail or if the delivery is delayed, the relevant contractor or subcontractor is liable for defects or delay damages. If the state were the purchasing agent, the state would need to assume this liability.”

Double Referral: This bill passed the Assembly Committee on Governmental Organization with a 16-3-3 vote on April 2, 2025.

Committee Amendments:

14983. The purpose of this chapter is to authorize the Department of General Services to act as a bulk purchaser of essential construction materials to ensure timely and cost-effective rebuilding of housing lost as a result of natural disasters with the goal of reducing the cost of, and streamlining access to, these materials, and to expedite rebuilding efforts in communities affected by a state of emergency resulting from an earthquake, flood, fire, ~~riot~~, storm, or other natural disaster.

14983.3. (a) The materials procured by the department pursuant to this chapter shall be made available to homeowners, contractors, nonprofit organizations, and local governments in any area affected by a state of emergency resulting from an earthquake, flood, fire, riot, storm, or other natural disaster declared by the President of the United States or the Governor, or upon the declaration of a local emergency resulting from an earthquake, flood, fire, ~~riot~~, storm, or other natural disaster by the executive officer of any county, city, or city and county for a period of five years following that proclamation or declaration.

14983.4. ~~The department shall coordinate with local governments, housing agencies, and nonprofit organizations to establish sufficient distribution of the materials within areas affected by a state of emergency resulting from an earthquake, flood, fire, riot, storm, or other natural disaster.~~ *Nothing in this chapter shall be interpreted to require the department to store or distribute materials.*

14983.5. (a) The department shall maintain transparency in procuring construction materials pursuant to this chapter and, notwithstanding Section 10231.5, report annually to the ~~Legislature~~ *Assembly Committee on Emergency Management and the Senate Committee on Governmental Organization* on the implementation, cost savings, and effectiveness of this chapter. The report shall include, but not be limited to, all of the following:

(1) Quantities purchased.

(2) ~~Distribution metrics.~~

~~(3) Rebuilding outcomes in areas affected by a state of emergency resulting from an earthquake, flood, fire, ~~riot~~, storm, or other natural disaster.~~

Related Legislation:

AB 239 (Harabedian) of this session. Establishes the State-Led County of Los Angeles Disaster Housing Task Force (Assembly Appropriations)

AB 1284 (Committee on Emergency Management) of this Session. Requires recovery frameworks to be developed for catastrophic planning scenarios in California. (Assembly Appropriations)

Previous legislation: AB 1567 (Committee on Emergency Management) of the 2021-2022 Session. Would have required Cal OES to develop a state recovery framework and assist local governments in the development of regional recovery frameworks for California's catastrophic plans. Held in the Assembly Committee on Appropriations

REGISTERED SUPPORT / OPPOSITION:

Support

LeadingAge California

Opposition

Construction Employers' Association

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