

SENATE THIRD READING

SB 1055 (Laird)

As Amended June 23, 2026

Majority vote

SUMMARY

Allows the Pajaro Regional Flood Management Agency (PRFMA/agency) to use specified procurement methods for flood projects until January 1, 2035.

Major Provisions

- 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, as specified.
- 2) Requires the agency to award a contract pursuant to this bill on a best value basis or to the lowest responsible bidder, as specified.
- 3) Provides that nothing in this bill shall preclude PRFMA from utilizing any future contracting methods awarded to joint powers authorities or their member agencies.
- 4) Provides that the provisions of this bill shall remain in effect only until January 1, 2035, and as of that date are inoperative.

COMMENTS

The PRFMA is a joint powers agency (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.

The Pajaro River Flood Risk Management Project (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 Project and gave the state the option to cover 100% of the nonfederal share SB 489 (Laird) Statutes of 677, Statutes of 2022. 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 for the project AB 876 (Robert Rivas) Chapter 816, Statutes of 2023.

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.

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."

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."

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."

FISCAL COMMENTS

No state costs.

VOTES**SENATE FLOOR: 36-0-4**

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Grayson, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Alvarado-Gil, Gonzalez, Grove, Niello

ASM LOCAL GOVERNMENT: 8-0-2

YES: Carrillo, Pacheco, Fong, Ransom, Blanca Rubio, Stefani, Ward, Wilson

ABS, ABST OR NV: Ta, Alanis

ASM APPROPRIATIONS: 8-1-6

YES: Wicks, Arambula, Caloza, Fong, Mark González, Krell, Pacheco, Solache

NO: Dixon

ABS, ABST OR NV: Hoover, Calderon, Pellerin, Sharp-Collins, Ta, Tangipa

UPDATED

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