

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 598 (Durazo) – As Amended July 7, 2025

Policy Committee: Local Government

Vote: 10 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill authorizes a local agency to use the construction manager/general contractor (CM/GC) project delivery method for specified water infrastructure projects until January 1, 2031.

Specifically, this bill:

- 1) Authorizes, upon approval of its governing body, a local agency to use the CM/GC method of project delivery, as defined, for a regional recycled water project or other water infrastructure project undertaken to alleviate water supply shortages attributable to drought or climate change.
- 2) Defines “local agency” to mean a city, county, city and county, or special district authorized by law to provide for the production, storage, supply, treatment, or distribution of any water from any source.
- 3) Requires a local agency to follow the procedures specified in existing law for the use of CM/GC by the Metropolitan Water District of Southern California (MWD), which include, among other items, contracting procedures, the use of a skilled and trained workforce, and reporting requirements.
- 4) Limits the authority under this bill to no more than 15 capital outlay projects for each local agency.
- 5) Requires a local agency to award a contract pursuant to this authorization on a best value basis or to the lowest responsible bidder.
- 6) Sunsets the bill’s provisions on January 1, 2031.

FISCAL EFFECT:

No state costs.

COMMENTS:

- 1) **Purpose.** According to the author:

I have worked my entire life to make California more equitable. Now, in the midst of a seismic change in our economy, we cannot afford to make the same mistakes of the past. A commitment to climate means a commitment to workers as we take bold steps to modernize and fortify our water infrastructure to prepare for the intensifying challenges of climate change.

[This bill] provides a practical, cost-effective pathway for achieving this goal by allowing local agencies to leverage CM/GC's advantages in project planning and execution. My bill ensures that water infrastructure projects utilize a highly skilled, trained workforce, reinforcing California's commitment to strong labor standards.

This bill is sponsored by the Water Collaborative Delivery Association and is supported by various water-related districts and labor organizations. There is no registered opposition.

- 2) **Background.** The Local Agency Public Construction Act generally requires local agencies use the traditional design-bid-build method for constructing public works. Under this process, a public agency fully completes the design of a project prior to awarding a construction contract and must award the contract to the "lowest responsible bidder." This process is to ensure the project is built for the lowest possible cost. However, critics of the traditional design-bid-build method claim this method can be inefficient and costly, delaying the implementation of urgently needed projects.

Existing law authorizes various state and local entities to use certain project delivery methods, including design-build, design-sequencing, and CM/GC, as alternatives to the traditional design-bid-build method for certain projects. For example, existing law authorizes MWD to utilize the CM/GC method for regional recycled water projects or other water infrastructure projects under specified conditions until January 1, 2028 (AB 1845 (Calderon), Chapter 275, Statutes of 2022).

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. The agency selects the construction manager on the basis of qualifications, past experience, or a best-value basis. When design is nearly complete, the agency and the construction manager negotiate a guaranteed maximum price for the construction of the project. If this price is acceptable to both parties, they execute a contract and the construction manager becomes the general contractor. Because the contractor is familiar with the project design during the construction phase, the CM/GC method may result in reduced overall project costs and more expedient project delivery.

This bill, similar to the authorization for MWD, authorizes cities, counties, and water districts, upon approval of the governing body, to use the CM/GC method for a regional recycled water project or other water infrastructure projects undertaken to alleviate water supply shortages attributable to drought or climate change. The bill requires a local agency to follow the contracting procedures in existing law for MWD and contains a sunset date of January 1, 2031.