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State Capitol Annex Project Construction Update

*Joint Committee on Rules
December 2025*

Background & Overview

Nearly a decade ago, in 2016, Gov. Jerry Brown and the Legislature approved the Capitol Annex Project with a simple goal: Replace the old East Annex building, which was past its expiration date and unsafe for workers and millions of annual visitors, with a modern public space that enhances Californians' ability to safely and readily participate in state government.

The old East Annex was constructed in 1952, predating modern accessibility standards, technological advances and other requirements. It is estimated that nearly 2 million people visit and attend events at the Capitol annually, and over the years the Annex developed numerous deficiencies that compromised public safety and access. A cost-benefit analysis determined that renovation alone would not have resolved these issues. The most prudent and affordable solution was to build a new public space.

The Legislature and Gov. Brown first authorized the construction of a new Annex by approving Senate Bill 836 in 2016, with bipartisan support, and additional bills governing and funding the project have been passed by multiple Legislatures and signed by both Brown and Gov. Gavin Newsom.

In 2016, the Legislature and Gov. Brown provided \$1.3 billion for various building projects, principally the Annex, but also including a new Visitor's Center, and the entire project ultimately was costed at \$1.1 billion.

The Legislature's efforts to avoid bond funding for the Annex, which is common for major public construction projects, will save taxpayers hundreds of millions of dollars over the next three decades.

Over the past decade, many factors have impacted construction of the project.

Litigation against the Annex lasted for nearly four years and was only recently resolved. Construction was halted at various times, often at the court's order, which resulted in significant cost impacts and time delays to the construction schedule.

The Pandemic from 2020 to 2024 and resulting inflation also contributed to material and labor increases and supply-chain disruptions, with fiscal and timeline impacts. January 6-related security concerns also contributed to unforeseen fiscal impacts.

The new Annex will be a public space that features additional committee hearing rooms and communal areas where constituents can engage and partake in the legislative process. The Governor, Lieutenant Governor and more than 120 legislative offices will be housed in the building, and hundreds of legislative staff will work out of the new Annex. The new public space will also serve the estimated 2 million people who visit and attend events at the Capitol each year, including school children and tourists.

Status of the Project

As of December 2025, the building is 50% complete.

The external structure of the Annex building has been erected. Currently, workers are installing the glass façade, interior wall framing, garage and access road development, and building infrastructure, including utilities and technology systems.

During the lengthy litigation, the Legislature was required to stop construction activities at certain points. Litigation began in 2021, and all pending litigation was resolved by January 2025. Construction fees due to the litigation are noted at \$15.8 million — but it is more difficult to quantify the total fiscal impact as a result of the years of pausing and stopping the project during litigation.

Once the litigation concluded, the Legislature was allowed to move forward with construction of the Annex Project, including the Visitor Center. However, resuming construction of the Visitor Center have caused delays to construction of the Annex. Ultimately, the Legislature decided to pause construction of the Visitor Center to focus on completing the new Annex, and may consider next steps for the Visitor Center once the Annex is complete.

Security concerns after the January 6, 2021, assault on the U.S. Capitol introduced new fiscal impacts for the project, as well. As the country experiences heightened political violence, the safety of everyone who visits or works in the Annex is paramount. Additional security features are estimated at approximately \$64 million, an investment in the safety and security of staff, law enforcement, legislators, journalists, advocates, schoolchildren and everyone who spends time at the Capitol. The future Annex building will have secure corridors for the safety of elected officials, staff and law enforcement, similar to the previous Annex and current Swing Space.

The granite for the new Annex was sourced from a quarry in Raymond, California, in Madera County. Bids to cut the granite were received from domestic and international fabricators and, as the Legislature updated in June 2024, fabrication in the United States was the most-expensive option. In consultation with the construction, design and project management teams, it was determined that the extended time needed for cutting in the United States would amount to a significant additional cost and would also delay the project, impacting every other aspect of construction. This is why the cutting of granite is taking place in Italy, which is the most budget-conscious and affordable option.

The Legislature and project teams have taken extraordinary measures to protect the trees in Capitol Park. This includes preserving historic trees and their roots, providing an on-site nursery for relocated trees, and hiring two arborists, who continue to assess and monitor tree health and protect the integrity of Capitol Park trees.

The plan included relocating 85 trees and maintaining trees within a growing nursery, to be transplanted back into Capitol Park after construction. Out of 43 palm trees transplanted, one did not survive. The tree plan specifies replacement in-kind.

Project design changes have resulted in approximately \$40 million in savings, such as SMUD utility rebates and ongoing review of building design features. The Legislature and project teams continue to negotiate the best prices to reduce costs.

The current project manager is MOCA, whose contract concludes at the end of 2025. MOCA was selected to be the Owner Representative for this historic state project in 2018 based on its prior experience managing State Capitol remodel projects in other states. That experience was helpful in guiding the Legislature and the architects through the early conceptual and design phases of this project, and in developing the design for the new Annex. As the project is now in the construction phase, we are in the process of hiring a new Construction Manager to take us to completion of the project.

We are evaluating future opportunities for site visits. Tours are currently very limited, as the Annex Project is a busy construction site, and the goal is safety and keeping the construction crew working efficiently. If construction is paused or stopped, even for a day, the associated cost is approximately \$54,000 per day. Legislative staff is working with our builder to determine if there are options for showcasing the project without delays or safety concerns.

Fall 2027 is the timeline for completion of the new Annex building and parking garage.

Fiscal Update

As of September 2025, total amount spent on the project to date is \$518.7 million. Currently, \$1.1 billion has been allocated by the Legislature.

Many of the cost impacts incurred for the project have been primarily caused by the Pandemic, from 2020-24, which resulted in material and labor increases and supply-chain disruptions.

Pandemic cost impacts were compounded by nearly four years of litigation and related delays and work stoppages; security concerns that needed to be addressed after January 6; inflation; and unforeseen conditions associated with separating two historic buildings, along with other challenges typical of large-scale construction projects.

Construction projects of this size will always encounter changes from the original scope of work. As with similar construction projects across the country, the Joint Committee on Rules expected unanticipated delays and costs, and contingencies were originally built in to account for unforeseen conditions and design issues that could arise.

In early 2026, the new project manager will take into account litigation costs, Pandemic-era supply chain issues, inflation, and the cost of delays to produce a robust fiscal outlook.