



# **NEW CAPITOL ANNEX BUILDING PROJECT**

**2<sup>ND</sup> QUARTER BUDGET UPDATE  
JULY 2026**

Submitted to: Joint Rules Committee  
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# **New Capitol Annex Building**

## **2<sup>nd</sup> Quarter Budget Update Presented July 2026**

### **Executive Summary**

This quarter, the project reached one million labor hours on site, in addition to hours spent fabricating and manufacturing materials in factories and shops. This milestone was celebrated as part of a safety meeting with the trades skilled workers who are accomplishing this in a manner that allows them to return to their families every day without incident. There are currently about 400 workers at the project every day with that number increasing over the coming months as more interior work gets underway. The building is primarily weathertight and interior drywall and mechanical/electrical trades are underway and on schedule to meet the October 2027 completion date for the new annex building. Permanent power transformers for the building have been installed by SMUD and will be energized so that the power can be transferred over to remove the building from temporary power to permanent power in early July. The exterior stone that was quarried in 2023 is starting to be installed and will continue over the next several months.

Planning for furniture, IT equipment and security in preparation for relocation from the swing space into the new building has started so that the transition will be seamless and minimize any interruption to the ongoing governmental processes that occur every day. Other vendors necessary for the operation of the building are being coordinated so that those systems are also scheduled appropriately to allow the smooth startup of the building.

As of the end of June 2026, the project budget continues to be maintained at the \$1.198B amount reported during the first quarter of this year and of that budget, \$668M has been spent to date on the Annex project. The project team is working collaboratively with Turner to resolve constraints and identify opportunities for schedule acceleration and mitigation of costs. We are taking a deep dive into potential and estimated costs from Turner to evaluate the entitlement and justify any costs of each item individually. This process will take many months as it is an extensive list of items to be evaluated, negotiated and approved within the agreed budget.

The schedule negotiations to solidify the October 27, 2027, turnover date have been completed with Turner and the date is set for owner occupancy. The project team has worked with various inspectors as well as the Office of State Fire Marshal to develop a detailed plan to accomplish all the necessary approvals to allow for occupancy of the building in a smooth organized manner. Vendors necessary for the operation of the building such as the café, startup of network systems, commissioning of audio-video equipment and general maintenance of the building are being integrated into the schedule as well. This planning will not only support completion of the building construction but the transition to owner operations.

As a result of instituting formal project partnering meetings, the project team is working collaboratively to maintain the completion date as issues arise and mitigation strategies are put in place. Project issues have been discussed at the appropriate level to resolve challenges and are proactively managed. The team continues to look ahead for any upcoming areas of concern so that the project is not delayed by sudden impacts that cannot be mitigated.